

# ANNUAL REPORT 2019-2020

## PART 2 OF 2 STATUTORY INFORMATION

*Always was  
Always will be*







## PART 2 – STATUTORY INFORMATION

Governance.....	59
Workforce .....	62

### Financial statements

NSWALC.....	67
NSWALC Properties Pty Ltd.....	123
NSWALC Resources Pty Ltd.....	142
NSWALC Employment & Training Limited.....	158
NSWALC Housing Limited.....	180

### Appendices

Travel expenses .....	200
Consultant fees.....	201
Grants .....	202
Insurance coverage .....	203



## Governance

### Number and type of Council meetings during 2019–2020

Type of meeting	Number
Council meetings	17
Council workshops	8
Audit and Risk Committee	5
Finance Committee	4
Governance Committee	3
Investment Committee	6
Insurance Committee	2
Economic Development Advisory Committee	0

### Summary of Councillors' attendance at Council meetings in 2019–2020

Councillor	Number
Cr Malone	4 *
Cr Lynch	17
Cr Cromelin	7 *
Cr Dennis	17
Cr Chapman	15
Cr Murray	2 *
Cr Ryan	5 *
Cr Smith	15
Cr Williams	8 *
Cr R Hampton	9
Cr L Hampton	9
Cr Toomey	9
Cr Donnelly	8
Cr Wright	9

\* Cr Malone was appointed on 9 September and was eligible to attend four meetings.

\* Crs Cromelin, Murray, Ryan and Williams were in office until November 2019 and eligible to attend eight meetings.

### Summary of Councillors' attendance at workshops in 2019–2020

Councillor	Number
Cr Malone	0
Cr Lynch	8
Cr Cromelin	3
Cr Dennis	8
Cr Chapman	6
Cr Murray	1
Cr Ryan	0
Cr Smith	6
Cr Williams	3
Cr R Hampton	5
Cr L Hampton	5
Cr Toomey	5
Cr Donnelly	5
Cr Wright	5

### Obligations under the Government Information (Public Access) Act 2009

During the reporting period, NSWALC did not receive any applications under the *Government Information (Public Access) Act 2009*.

### Obligations under the Public Interest Disclosure Act 1994 (PID)

During the reporting period, NSWALC received no PID complaints.

## Risk management

The current environment in which NSWALC is operating, including the introduction of new enterprises, COVID-19 and the bushfires earlier in the year, demonstrates the importance of sound risk management practices. NSWALC has focused on improving overall governance and, as a part of that process, has engaged Risk Frontiers to develop an overall risk framework and change risk culture within NSWALC. Risk management is undertaken consistent with ISO 31000 Risk Management – Principles and Guidelines.

NSWALC recognises that risk management is fundamental to the achievement of its objectives, and is core to strategic and operational planning, project management, day-to-day management and decision making at all levels in the organisation.

NSWALC is committed to managing and minimising risk by identifying, analysing, evaluating, treating, monitoring and communicating risks that may impact on achieving its objectives and/or the continued efficiency and effectiveness of its operations. NSWALC incorporates risk management into its planning and decision-making processes.

## Privacy and personal information protection

NSWALC has a number of practices in place to comply with the *Privacy and Personal Information Protection Act 1998* (PPIPA). The People and Workplace Unit (PWU) keeps all confidential personal information on a separate drive that is only accessible to staff members from the unit. Similarly, personal information with a heightened level of confidentiality is kept on a drive only accessible by the manager. Physical files are kept in a locked cupboard, and payroll information is kept securely and regularly audited. Any information requested by a third party is only disclosed with the consent of the person to which the information relates.

NSWALC has completed a draft Privacy Management Plan, as required by section 33 of the PPIPA. The draft plan sets out NSWALC's practices to comply with the Information Protection Principles in the PPIPA and Health Privacy Principles in the *Health Records and Information Privacy Act 2002*.



## Internal Audit and Risk Management Attestation Statement for the 2019–2020 financial year for the New South Wales Aboriginal Land Council

I, am of the opinion that the New South Wales Aboriginal Land Council has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

### Core Requirements

For each requirement, please specify whether compliant, non-compliant, or in transition

Risk Management Framework		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2018	Compliant
Internal Audit Function		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

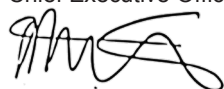
### Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Ms Marcia Doheny, appointed 1 April 2019 until 31 March 2022
- Independent Member, Mr Michael Silk, appointed 1 April 2019 until 31 March 2022
- Non-independent Member, Councillor Charles Lynch, appointed 18 November 2015 until October 2019, re appointed on 5 February 2020 until October 2023.
- Non-independent Member (Alternate), Councillor Peter Smith, appointed 18 November 2015 until October 2019
- Non-independent Member (Alternate), Councillor Leeanne Hampton, appointed 5 February 2020 until October 2023

James Christian PSM

Chief Executive Officer



26 October 2020

# Workforce

## Workers Compensation and Rehabilitation 2019-2020

### Work related injury and illness

Nature of accidents	Number
Slips, trips and falls	1
Mental health (anxiety, stress)	0
Cuts/scratches	0
Motor vehicle accident	1
Ergonomics/overuse	0
Sprain/strain	1
Manual handling	1
Bites	0
Sickness	0
<b>Total</b>	<b>4</b>

Where injuries occurred	Number
At the workplace	3
On the journey to/from work	0
At work away from the normal workplace	1
<b>Total</b>	<b>4</b>

### Workers compensation claims

Type	Number
Claims brought forward from 2018-19	2
New claims this period	3
<b>Total</b>	<b>5</b>

### Claims status at 30 June 2020

Type	Number
Claims finalised	3
Claims declined/ under investigation	0
Liability accepted and claim continuing	2
Provisional Liability	0
<b>Total</b>	<b>5</b>
Open claims carried forward to 2020-2021	2

### Rehabilitation

Type	Number
Cases brought forward from 2018-2019	0
New cases this period	0
<b>Total</b>	<b>0</b>
Cases completed	0
Cases continuing and carrying forward to 2019-2020	0
<b>Total</b>	<b>0</b>

## Staff trends

Five -year trend in category of staff and percentage of total staff, 2016–2020

Category	Per cent of total staff				
	2015–16	2016–17	2017–18	2018–19	2019–20
Senior Managers Framework	22.5	25.2	22.0	23.0	23.4
Salary Group 8 Year 1 to Group 13 Year 3	54.0	53.0	57.0	61.0	62.4
Salary Group 1 Year 1 to Group 7 Year 3	15.5	14.3	13.0	10.0	7.8
Councillors	8.0	7.5	8.0	6.0	6.4

Trends in the representation of EEO target groups (%)

EEO group	Target	Per cent of total staff <sup>1</sup>				
		2015–16	2016–17	2017–18	2018–19	2019–20
Women	50.0	52.0	50.0	48.0	53.0	53.9
Aboriginal people and Torres Strait Islanders	26.0	45.0	48.0	48.0	46.7	50.4
People whose first language was not English	19.0	24.0	23.5	20.0	16.8	12.8
People with a disability	N/A	13.5	12.0	12.0	11.0	9.9
People with a disability requiring a work-related adjustment	1.1 (2011) 1.3 (2012) 1.5 (2013)	3.0	2.5	2.6	5.8	5.0

Trends in the distribution of EEO target groups (%)

EEO group	Target	Distribution index <sup>2</sup>				
		2015–16	2016–17	2017–18	2018–19	2019–20
Women	100.0	78.0	78.0	80.0	85.0	88.0
Aboriginal people and Torres Strait Islanders	100.0	80.0	78.9	82.0	82.0	87.0
People whose first language was not English	100.0	85.0	78.5	74.0	85.0	94.0
People with a disability	100.0	87.0	86.0	86.0	72.0	71.0
People with a disability requiring a work-related adjustment	100.0	100.0	100.0	100.0	33.0	71.0

1. Excludes casual staff

2. A Distribution Index of 100 indicates that the centre of the distribution of the EEO groups across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. A distribution index based on an EEO based survey response rate of less than 80 per cent may not be completely accurate.



### Performance and number of senior staff and executive officers

Executive level	Current year			Prior year		
	Number	Male	Female	Number	Male	Female
SES 5	1	1	–	1	1	–
SES 5 equivalent	–	–	–	–	–	–
SES 4	–	–	–	–	–	–
SES 4 equivalent	–	–	–	–	–	–
SES 3	–	–	–	–	–	–
SES 3 equivalent	1	1	–	1	1	–
SES 2	–	–	–	–	–	–
SES 2 equivalent	–	–	–	–	–	–
SES 1	–	–	–	–	–	–
SES 1 equivalent	3	3	–	3	3	–

### Senior staff and executive remuneration

Executive level	\$ 2015–16	\$ 2016–17	\$ 2017–18	\$ 2018–19	\$ 2019–20
SES 5 or equivalent	312,268	320,075	328,077	340,647	355,000
SES 4 or equivalent	–	–	–	–	–
SES 3 or equivalent	248,256	248,749	248,637	257,691	260,262
SES 2 or equivalent	224,892	213,377	–	–	–
SES 1 or equivalent	174,299	–	191,509	196,314	210,965

### Percentage of total employee-related expenditure on senior staff and executives

Year	Per cent
2019–2020	7.2
2018–2019	6.7
2017–2018	7.2
2016–2017	7.1
2015–2016	9.5

### NSWALC workforce profile as at 30 June 2020 by cultural background and gender

Gender	Full time II	Aboriginal	Part time All	Aboriginal	Total
Female	67	36	9	4	76
Male	61	30	4	1	65

### NSWALC workforce profile as at 30 June 2020 by age and gender

Gender	<30 All	Aboriginal	30-50 All	Aboriginal	50+ All	Aboriginal	Total
Female	3	3	51	27	22	10	76
Male	4	2	31	17	30	12	65

### Remuneration of Councillors

Under section 161 of the ALRA, NSWALC is obliged to publish the total remuneration (including travel expenses) paid to each Councillor during the year. Councillor salaries are determined by the Statutory and Other Offices Remuneration Tribunal as part of its Public Office Holders Group. Travel allowances are determined by the Minister for Aboriginal Affairs.

Under section 13 of the *Statutory and Other Offices Remuneration Act 1975* the Tribunal must make a determination on remuneration of office holders on 1 July each year. In 2018–19 the annual base salary of a NSWALC Councillor was \$146,365, with loadings of 10 per cent for the Chairperson and 5 per cent for the Deputy Chairperson as a result of the additional responsibilities inherent in both positions. The Tribunal determination on 1 July 2019 increased the base salary to \$155,880 with loadings remaining unchanged. The Tribunal made a further determination on 1 April 2020 and increased the base salary to \$161,003 with loadings remaining unchanged.

### Salary packaging benefits

NSWALC Continues to engage Maxxia as the outsource salary packaging provider, with 89.4 per cent of staff members participating in some form of salary packaging.

Of NSWALC staff taking-up the benefit, approximately 41.8 per cent are Aboriginal staff. A total of 126 staff use Maxxia, 59 of which are Aboriginal.

### Major policy and program outcomes in 2019–2020 against planned outcomes

NSWALC aims to comply with the anti-discrimination and diversity legislation and strives to provide a workplace that is free from harassment and discrimination. The People Policies are applied across the employee life cycle to ensure equitable employment practices including merit-based decisions in recruitment, learning and development and employee promotional opportunities.

NSWALC encourages employees to take advantage of learning and development opportunities to strengthen the skills base and the talent pipeline. Twenty-two (22) employees attended external training programs relevant to their roles within the organisation; 17 were award covered and 5 on management contracts. In addition, 14 of the senior management group attended the facilitation skills training which was delivered inhouse by an external company.



### Workforce diversity strategies

With the implementation in January 2019 of the equal employment opportunity, diversity and inclusion policy and the Aboriginal Employment Strategy, the following can be reported:

Thirty-five (35) new employees were recruited into the organisation during this reporting period:

- 71 per cent were female
- 69 per cent identified as Aboriginal
- 34 per cent were over 50 years old.

### Aboriginal Employment Plan

NSWALC has continued to make progress on the Aboriginal Employment Plan, which is designed to increase the participation of Aboriginal and Torres Strait Islander people in NSWALC.

During the early part of 2020, a committee formed to write the NSWALC Aboriginal Employment Strategy. The committee is preparing to circulate the draft plan for feedback. The plan will cover the period January 2021–2026. The strategies put in place by the PIU over the past financial year resulted in 69 per cent of new hires identifying as Aboriginal. An uplift of 27 per cent from the previous year.

This year NSWALC engaged with the Australian Graduate School of Management with three senior managers commencing the Emerging Indigenous Executive Leadership Program.

NSWALC has partnered with the Australian Government to deliver the Western Sydney Indigenous Business and Employment Hub (the Yarpa Hub). Three people who identify as Aboriginal have been employed, including the Director. The recruitment process is back on track after the initial delays due to COVID 19, with the aim to have as many roles filled with suitably qualified Aboriginal-Identified candidates.

NSWALC has also engaged with CareerTrackers and offered three Aboriginal university students' internships with NSWALC. Two students completed the first cycle, getting practical work experience aligned to their degrees. Both aim to continue for another two cycles while they finalise their degrees.

The two Aboriginal Trainees who were engaged through the Aboriginal Employment Service (AES) have both completed a Certificate IV Business Services with one successfully employed and the other deferring employment until a later date.



# Independent Auditor's Report

NSWALC ABN 82 726 507 500



To Members of the New South Wales Parliament

## Opinion

I have audited the accompanying financial statements of New South Wales Aboriginal Land Council (the Council), which comprises the Consolidated Statement of Comprehensive Income for the year ended 30 June 2020, the Consolidated Statement of Financial Position as at 30 June 2020, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information of the Council and the consolidated entity. The consolidated entity comprises the Council and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the consolidated entity as at 30 June 2020, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors of the Council are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by the Councillors.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the ability of the Council and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

# NSWALC Consolidated Financial Statements

## Statement by Councillors for the year ended 30 June 2020

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in our opinion:

1. The accompanying financial statements and notes exhibit a true and fair view of the financial position of the New South Wales Aboriginal Land Council as at 30 June 2020 and its performance for the year ended on that date in accordance with Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions issued under the Act.
2. At the date of this statement, there are reasonable grounds to believe that the New South Wales Aboriginal Land Council will be able to pay its debts as and when they fall due.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Anne Dennis**  
Chairperson



**Charles Lynch**  
Deputy Chairperson

**Date: 27/10/2020**



# Consolidated statement of comprehensive income

For the year ended 30 June 2020

	Notes	Consolidated		Parent	
		2020	2019	2020	2019
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>REVENUE</b>					
Investment Revenue	7	16,680	15,765	16,680	15,758
Grants and Contributions	8	4,922	174	4,910	174
Rental Income		2	790	2	790
Other Revenue	9	4,776	1,917	4,761	1,917
<b>Total Revenue</b>		<b>26,380</b>	<b>18,646</b>	<b>26,353</b>	<b>18,639</b>
<b>EXPENSES EXCLUDING LOSSES</b>					
Employee Related Expenses	12	20,407	17,437	20,236	17,437
Depreciation	24	1,741	577	928	577
Amortisation	25	12	57	12	57
Doubtful Debts and Debt Write Off		557	723	557	723
Funding to LALCs	13	17,239	17,188	17,239	17,188
Grants	14	2,114	1,534	4,086	1,534
Share of Net (Profit)/Loss of Associates and Joint Ventures Accounted for Using the Equity Method	37	-	108	-	108
Legal Expenses		974	1,343	974	1,343
Election Costs		947	-	947	-
Interest Expense on Lease Assets		643	-	165	-
Other Operating Expenses	15	6,515	10,135	6,411	10,126
Program Expenses	16	682	1,449	682	1,449
<b>Total Expenses Excluding Losses</b>		<b>51,831</b>	<b>50,551</b>	<b>52,238</b>	<b>50,542</b>
<b>Gain / (Loss) on Disposal of Property, Plant and Equipment</b>	10	<b>(9)</b>	<b>11,823</b>	<b>(9)</b>	<b>11,823</b>
<b>Other Gains / (Losses)</b>	11	<b>(23,101)</b>	<b>18,033</b>	<b>(23,101)</b>	<b>18,033</b>
<b>NET RESULT</b>		<b>(48,561)</b>	<b>(2,049)</b>	<b>(48,995)</b>	<b>(2,047)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to Net Result</b>					
Actuarial Gain/(Loss) on Defined Benefit Superannuation		5	(205)	5	(205)
Net Increment on Revaluation	24 & 26	-	(131)	-	(131)
<b>Total Other Comprehensive Income</b>		<b>5</b>	<b>(336)</b>	<b>5</b>	<b>(336)</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR</b>		<b>(48,556)</b>	<b>(2,385)</b>	<b>(48,990)</b>	<b>(2,383)</b>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

As at 30 June 2020

		Consolidated		Parent	
		2020	2019	2020	2019
	Notes	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	17&18	36,322	36,581	34,428	36,070
Receivables	19 (a)	2,762	3,208	3,370	3,208
Financial Assets at Fair Value	20	608,916	657,321	608,916	657,321
Derivatives	21	-	442	-	442
Other Assets	22	24	24	24	24
Assets Held for Sale/Transfer to LALCs		593	728	593	728
<b>Total Current Assets</b>		<b>648,617</b>	<b>698,304</b>	<b>647,330</b>	<b>697,793</b>
<b>Non-Current Assets</b>					
Receivables	19 (b)	42	-	42	-
Property, Plant and Equipment	24	9,957	9,053	9,957	9,053
Right-of-Use Assets	24	10,958	-	3,366	-
Intangible Assets	25	184	57	184	57
Artefacts	26	445	445	445	445
<b>Total Non-Current Assets</b>		<b>21,586</b>	<b>9,555</b>	<b>13,994</b>	<b>9,555</b>
<b>TOTAL ASSETS</b>		<b>670,203</b>	<b>707,859</b>	<b>661,324</b>	<b>707,348</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	28	3,271	2,218	3,136	1,705
Unspent Grant/Donation	29	14,734	-	14,381	-
Borrowings	30	1,125	-	616	-
Derivatives	21	92	-	92	-
Provisions	31	4,076	3,553	4,076	3,553
<b>Total Current Liabilities</b>		<b>23,298</b>	<b>5,771</b>	<b>22,301</b>	<b>5,258</b>
<b>Non-Current Liabilities</b>					
Lease Liabilities	30	10,399	-	2,949	-
Provisions	31	528	443	528	443
<b>Total Non-Current Liabilities</b>		<b>10,927</b>	<b>443</b>	<b>3,477</b>	<b>443</b>
<b>TOTAL LIABILITIES</b>		<b>34,225</b>	<b>6,214</b>	<b>25,778</b>	<b>5,701</b>
<b>NET ASSETS</b>		<b>635,978</b>	<b>701,645</b>	<b>635,546</b>	<b>701,647</b>
<b>EQUITY</b>					
Reserves		14,507	15,358	14,507	15,358
Accumulated Funds		621,471	686,287	621,039	686,289
<b>TOTAL EQUITY</b>		<b>635,978</b>	<b>701,645</b>	<b>635,546</b>	<b>701,647</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the year ended 30 June 2020

Consolidated	Accumulated Funds \$'000	Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2019	686,287	15,358	701,645
Net Result for the year	(48,561)	-	(48,561)
Accumulated Funds Prior Year Adjustment (Note 3 (j)):	(17,111)	-	(17,111)
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	5	-	5
Reserve Transfers	851	(851)	-
Total Comprehensive Income for the year	(64,816)	(851)	(65,667)
Balance at 30 June 2020	621,471	14,507	635,978
Balance at 1 July 2018	670,627	33,403	704,030
Net Result for the year	(2,049)	-	(2,049)
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	(205)	-	(205)
Net Increment on Revaluation of Properties (Note 24)	-	(131)	(131)
Reserve Transfers	17,914	(17,914)	-
Total Comprehensive Income for the year	15,660	(18,045)	(2,385)
Balance at 30 June 2019	686,287	15,358	701,645

Parent	Accumulated Funds \$'000	Revaluation Reserve \$'000	Total \$'000
Balance at 1 July 2019	686,289	15,358	701,647
Net Result for the year	(48,995)	-	(48,995)
Accumulated Funds Prior Year Adjustment (Note 3 (j)):	(17,111)	-	(17,111)
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	5	-	5
Reserve Transfers	851	(851)	-
Total Comprehensive Income for the year	(65,250)	(851)	(66,101)
Balance at 30 June 2020	621,039	14,507	635,546
Balance at 1 July 2018	670,627	33,403	704,030
Net Result for the year	(2,047)	-	(2,047)
Other Comprehensive Income:			
Actuarial Gain/(Loss) on Defined Benefit Superannuation	(205)	-	(205)
Net Increment on Revaluation of Properties (Note 24)	-	(131)	(131)
Reserve Transfers	17,914	(17,914)	-
Total Comprehensive Income for the year	15,660	(18,045)	(2,385)
Balance at 30 June 2019	686,289	15,358	701,647

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Consolidated statement of cash flows

For the year ended 30 June 2020

	Notes	Consolidated		Parent	
		2020	2019	2020	2019
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Sales and Rental Income		24	797	2	797
Interest and Investment Income		81	360	74	353
Community Development Levy Received		2,619	742	2,619	742
Grants and Contributions		2,421	174	2,033	174
Recovery of Debts		760	969	760	969
GST Received from ATO		2,905	1,398	2,830	1,398
Other		-	217	-	217
<b>Total Receipts</b>		<b>8,810</b>	<b>4,657</b>	<b>8,318</b>	<b>4,650</b>
<b>Payments</b>					
Employee Related Expenses		(19,762)	(17,084)	(19,662)	(17,084)
Community Development Levy Grants Paid		(254)	(573)	(254)	(573)
Grants and Subsidies		(2,105)	(941)	(3,150)	(941)
Funding to LALCs		(17,239)	(17,188)	(17,239)	(17,188)
Expenses Paid on behalf of LALCs		(434)	(330)	(434)	(330)
Payment for Goods and Services		(10,182)	(16,295)	(11,053)	(16,799)
Payment of Interest Portion of Lease Liability		(719)	-	(240)	-
<b>Total Payments</b>		<b>(50,695)</b>	<b>(52,411)</b>	<b>(52,032)</b>	<b>(52,915)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>33</b>	<b>(41,885)</b>	<b>(47,754)</b>	<b>(43,714)</b>	<b>(48,265)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payment of Principal Portion of Lease Liability		(1,035)	-	(589)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(1,035)</b>	<b>-</b>	<b>(589)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from Sale of Land and Buildings, Plant and Equipment	<b>10</b>	125	40,800	125	40,800
Proceeds from Sale of Financial Assets		44,293	50,361	44,293	50,361
Purchases of Property, Plant, Equipment and Intangible Assets		(1,757)	(500)	(1,757)	(500)
Purchase of Financial Assets		-	(40,800)	-	(40,800)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>42,661</b>	<b>49,861</b>	<b>42,661</b>	<b>49,861</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>(259)</b>	<b>2,107</b>	<b>(1,642)</b>	<b>1,596</b>
Opening Cash and Cash Equivalents		36,581	34,474	36,070	34,474
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>17&amp;18</b>	<b>36,322</b>	<b>36,581</b>	<b>34,428</b>	<b>36,070</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Consolidated Financial Statements

For the year ended 30 June 2020

## 1. REPORTING ENTITY

New South Wales Aboriginal Land Council (the Council) is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*. The Council is a not-for-profit entity (as profit is not its principal objective).

The Council, as a reporting entity, comprises the following wholly owned subsidiaries:

Subsidiary Name	ACN	Incorporation Date
NSWALC Resources Pty Ltd	602 043 274	26-September-2014
NSWALC Properties Pty Ltd	629 594 985	24-October-2018
NSWALC Housing Ltd	631 178 848	23-January-2019
NSWALC Employment and Training Ltd	634 467 244	28-June-2019

NSWALC Resources Pty Ltd (Resources P/L) started to invest in the joint venture company Paradigm Resources Pty Ltd (Paradigm) for mining exploration in 2014-15 financial year. The exploration and development of resources such as natural gas is a speculative activity that involves a degree of financial risk.

NSWALC Properties Pty Ltd (Properties P/L) was established to facilitate the sale and lease back of 33 Argyle Street, Parramatta. As part of the sale of 33 Argyle St, NSWALC agreed with the purchaser to leaseback our office premises within the building. Accordingly, NSWALC Properties Pty Ltd was established to be the tenant in the required leaseback.

In accordance with NSWALC Strategic Plan 2018-2022, NSWALC is committed to pursuing economic independence and prosperity for our people. To achieve this, we are working to create opportunities for Aboriginal people and Local Aboriginal Land Councils to undertake business ventures and are also diversifying NSWALC's own business activities in order to provide greater prosperity to future generations. Establishment of NSWALC Housing Ltd (NHL) and NSWALC Employment and Training Ltd (NET) are two of NSWALC's economic development initiatives. The purpose of Housing Ltd is to increase the housing options including the supply of social and affordable housing for Aboriginal people, while Employment Ltd is designed to mobilise the Aboriginal workforce and support them to obtain the necessary training to obtain employment in the infrastructure construction and aged care and disability services sectors.

The final consolidated financial statements for the year ended 30 June 2020 have been authorised for issue by the Council on 27 October 2020.

## 2. BASIS OF PREPARATION

### (a) Basis of preparation of accounts

The consolidated financial statements of the Council are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015* and Treasurer's Directions issued under the Act;
- the *New South Wales Aboriginal Land Rights Act 1983* and its Regulation.

The consolidated financial statements incorporate the financial information of the Council and its subsidiaries.

*(b) Statement of compliance*

The Council complied with the legislative requirements and other authoritative pronouncements stated under the 'Basis of preparation of accounts' throughout the year in the preparation and the final presentation of the Consolidated Financial Statements.

In accordance with the interpretation of the Crown Solicitor regarding Section 150 of the *Aboriginal Land Rights Act 1983*, the Council has maintained the minimum required capital value of \$485,340,000 throughout the year.

*(c) Profit status of the Council*

The Council has assessed and formally noted its profit status for the financial year ended 30 June 2020 and determined its status as not-for-profit for financial reporting purposes, which is consistent with the prior year.

*(d) Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- Financial instruments that are classified as 'at fair value through profit and loss'
- Property, plant and equipment are measured at fair value
- The defined benefit asset is measured as the net total of the defined benefit plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

*(e) Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars, which is the Council's functional currency.

All amounts are rounded to the nearest one thousand dollars unless otherwise stated.

*(f) Critical estimates*

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note 3(a)(iii), 3(c)(iii), 3(c)(iv) & 3(c)(vii)
- Note 7 – Investment Revenue
- Note 19 – Receivables
- Note 24 – Property, Plant and Equipment
- Note 25 – Intangible Assets

Information about assumptions and estimations that may result in adjustments in the future financial year is included in the following notes:

- Note 2(b), 3(c)(iv), 3(c)(vii) & 3(d)(ii)
- Note 20 – Financial Assets at Fair Value
- Note 21 – Derivatives
- Note 23 – Other Financial Assets
- Note 31 – Provisions
- Note 35 – Financial Instruments

*(g) Changes in accounting policy*

In the current year, the Council has reviewed all the new and revised Accounting Standards and Interpretations that are relevant to its operations and effective for the annual reporting period beginning on 1 July 2020. More information on the adoption of these standard is included in note 3 (j).

*(h) Principles of consolidation*

*(i) Controlled entities*

NSWALC is controlling four wholly owned subsidiaries as listed in Note 1 and they were fully consolidated from the date of incorporation. Accounting policies of these companies are consistent with that of the Council. Consolidated financial statements were prepared after eliminating all inter entity transactions. The financial year of these companies is the same as the Council's.

*(ii) Joint Venture*

NSWALC Resources Pty Ltd has a joint venture in Paradigm Resources Pty Ltd with Indigenous Energy Resources Pty Ltd each having equal shareholding. The investment in Paradigm Resources Pty Ltd is accounted for in the NSWALC Resources Pty Ltd using the equity method of accounting which is then consolidated with the financial statements of the Council.

*(iii) Equity Method*

Equity method of accounting is one where the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. After application of equity method accounting, the Council determines the fair value of the investment by applying the principles stated in AASB 13 Fair Value Measurement. Any reduction in values is recognised as impairment loss in the consolidated financial statements of the Council.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently by the Council to all periods presented in these consolidated financial statements unless there has been changed in the accounting standards.

*(a) Revenue recognition*

Until 30 June 2019, the Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council, and specific criteria have been met for each of the Council's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

From 1 July 2019, revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

(i) Grants and other contributions

Until 30 June 2019

Income from grants (other than contribution by owners, including donations) is recognised when the Council obtains control over the contribution. The Council is deemed to have assumed control when the grant is received or receivable. Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

From 1 July 2019

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Council is recognised when the Council satisfies its obligations under the transfer. The Council satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The actual cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations is recognised as when the Council satisfies a performance obligation by transferring the promised goods.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer Note 29 for transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Council obtains control over the granted assets (e.g. cash).

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services measured at fair value.

(ii) Sale of goods and services

Until 30 June 2019

Sale of goods

Revenue from sale of goods is recognised as revenue when the Council transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

From 1 July 2019

Sale of goods

Revenue from sale of goods is recognised as when the Council satisfies a performance obligation by transferring the promised goods.

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.



## Rendering of services

Revenue from rendering of services is recognised when the Council satisfies the performance obligation by transferring the promised services. The revenue is measured at the transaction price agreed under the contract

No element of financing is deemed present as payments are due when service is provided.

### (iii) Investment revenue

Investment revenue comprises of:

- interest income on funds invested;
- dividend income; and
- changes in the fair value of financial assets at fair value through the profit and loss account.

Interest income is recognised using the effective interest method as set out in AASB 9 *Financial Instruments*.

Dividend revenue is recognised in accordance with AASB 9 *Financial Instruments* when the Council's right to receive payment is established. Changes in the fair value of financial assets at fair value through the profit and loss account refer to Note 3 (c) (iv) for details.

### (iv) Foreign currency gain and losses

During the year the Council held investments denominated in foreign currencies and transitional funds held in foreign currency as a result of moving funds between fund managers. Transactions in foreign currencies are translated to Australian dollar at exchange rates at the dates of the transactions. Monetary assets denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at balance date. Foreign currency differences arising on conversion are recognised in the Consolidated Statement of Comprehensive Income. Foreign currency gains and losses are reported on a net basis.

### (v) Rental income

Rental income is included in other income in the Consolidated Statement of Comprehensive Income. Rental income is recognised in accordance with AASB 16 *Leases*.

### (vi) Land claims

The Council claims land under the *Aboriginal Land Rights Act 1983*. Land claimed from State or Commonwealth government is valued at fair value, recognised as income and capitalised as land asset.

### (vii) Other revenue

Other revenue is recognised in the Consolidated Statement of Comprehensive Income when the right to receive the revenue has been established.

## (b) Expenses

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Council has benefited by receiving goods or services and the expenditure can be reliably measured.

(i) Employee expenses

Employee expenses include salaries and wages for the year, workers compensation insurance premium for the year, 9.50% defined contribution incurred for employees under defined contribution scheme and amounts nominated by the fund managers in respect of defined benefit schemes. Annual leave and long service leave expenses are charged as stated in Note 3 (d) (ii).

(ii) Depreciation expenses

Depreciation expenses are charged as stated in Note 3 (c) (vii)

(iii) Maintenance expenses

Maintenance expenses are charged as stated in Note 3 (c) (vii)

(iv) Insurance expenses

The Council holds insurance policies covering property, public liability, workers compensation, Councillors' liability and other contingencies. After analysing the insurable risks, the Council has taken necessary insurance cover against these risks. The premium is determined by the Insurer.

(v) Funding for Local Aboriginal Land Councils

Funding for Local Aboriginal Land Councils (LALCs) is charged to the Consolidated Statement of Comprehensive Income as per the agreed amount of allocation for the year in accordance with the funding agreement. If a LALC is in breach of the statutory requirements, only essential payments are made under an assistance agreement. Essential payments are also paid to protect LALC assets or to avoid increasing higher liabilities.

(vi) Expenditure for community benefits

Pursuant to Section 108 of the *Aboriginal Land Rights Act 1983*, the Council incurs expenses for the benefits of the Aboriginal community. These expenses may be incurred in the form of assets such as shares or loans. In 2012, NSWALC purchased one million shares in Social Enterprise Finance Australia Ltd (SEFA).

NSWALC does not have significant influence on SEFA. Hence, the Equity Accounting was not adopted and shares are impaired as at 30 June 2020.

(c) Assets

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Council has no bank overdrafts.

(ii) Restricted assets

Restricted assets include cash and cash equivalents and property held by the Council for special projects or as a trustee. These assets cannot be used for operating purposes (Refer to Note 18).

(iii) Receivables

Receivables include other receivables and statutory debts (Refer to Note 5 (a) (ii)). Other receivables (including loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

## **Recognition and Measurement**

All ‘regular way’ purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price, being the original invoice amount, as the effect of discounting is immaterial.

## **Subsequent measurement under AASB 9**

The Council holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

## **Impairment under AASB 9**

The Council recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Council expects to receive, discounted at the original effective interest rate.

For trade receivables, the Council applies a simplified approach in calculating ECLs. The Council recognises a loss allowance based on lifetime ECLs at each reporting date.

Debts that are known to be uncollectible are written off. These are considered to be impaired when there is objective evidence that the estimated future cash flows have been affected.

The Council first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

The Council has a debtor management policy and guidelines to manage and recover statutory debts incurred by the Council on behalf of LALCs. The policy and guidelines established how to assess the recoverability of debts and the amounts to be written-off or waived. The policy has been implemented since the financial year 2010-11 and the movement in the allowance for impairment with the outstanding debt is disclosed in Note 19.

(iv) Investments

## **Classification and measurement under AASB 9**

The Council’s financial assets at fair value are classified, at initial recognition, as subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Council holds all its investments in units in pooled investment funds, which are in substance equity instruments. As these are held for trading, they are mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for gains and losses on the investments in the managed funds, that are presented in 'investment revenue' in the period in which they arise.

- *Derivative financial instruments*

The Council faces foreign currency exposure from investing in international equities. The Council enters into derivatives to mitigate this exposure. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

The financial assets and liabilities resulting from the hedging arrangement of the Council are offset with the net amount being reported in the Consolidated Statement of Financial Position. The Council has a current enforceable legal obligation to offset the recognised amounts with the counterparty and settle on a net basis realising the assets and the liabilities simultaneously (Refer to Note 21 for values).

- *Impairment of financial assets*

All financial assets, except those measured at fair value through the profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

- *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Council transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the Council has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Council has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Council's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(v) Trust funds

The Council received money in a trustee capacity for the Gumbaynggir Tribal Aboriginal Elders Corporation as set out in Note 34. The Council has no control of the funds and the funds cannot be used for the achievement of the Council's own objectives. The Council performs a custodial role in respect of these funds. Therefore, these funds are not recognised in the Consolidated Statement of Comprehensive Income.

(vi) Other assets

Other assets include superannuation assets and prepayments. Other assets are recognised on a cost basis.

If a surplus exists in the employer's interest in the defined benefit fund, the Council recognises this amount as superannuation asset and takes advantage of it in the form of a reduction in the required contribution rate on the advice of the Fund's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation. The Council recognises this amount as a liability.

(vii) Property, Plant & Equipment

- Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Council. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted at an asset-specific rate.

- Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$1,000 (\$1,000 in 2018-2019) and above individually (or forming part of a network costing more than \$1,000) are capitalised.

- Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any social-political restrictions imposed by government. In most cases after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 27 for further information regarding fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for the fair value. The Council reviews the estimated useful lives for major plant and equipment at the end of each annual reporting period. Property is revalued at least every five years or with sufficient regularity to



ensure that the carrying amount does not differ materially from its fair value at reporting date. The full revaluation of properties was completed on 30 June 2018 by independent registered valuers who are experienced in the respective regions of properties located. All significant properties are valued on an annual basis by the independent valuer. The Council sold and transferred a number of major land assets including the property at 33 Argyle St Parramatta. The majority of remaining properties are rural land holdings that are zoned as Environmental Conservation or Environmental Management and these properties have low financial value. In addition, due to the COVID-19 pandemic, the Council does not engage the valuation in the 2019/20 financial year.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued, adjusted to reflect the present condition of the assets, the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that it reverses a revaluation decrement for the same asset class previously recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income, in which case the increment is credited to the Statement of Profit or Loss and Other Comprehensive Income to the extent of the decrement previously charged. A decrement in carrying amount arising on the revaluation of property, plant and equipment is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

As a not-for-profit entity, the Council's revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

- **Impairment of Property, Plant and Equipment**

As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

- **Depreciation of Property, Plant and Equipment**

Depreciation is provided on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Council.

All material separately identifiable components of assets are depreciated over their respective useful lives.

Land is not a depreciable asset. Certain original artwork and collections have a long useful life. In these cases, depreciation is not recognised. The decision not to recognise depreciation for these assets is reviewed annually.

The depreciation rates used for each class of depreciable assets for the estimated useful lives are:

<i>Class of Fixed Assets</i>	<i>Depreciation Rate</i>	<i>Useful Life</i>
Land is not depreciated		
Buildings*	3.33% – 5.00%	20 – 30 years
Motor Vehicles	20.00%	5 years
Computer equipment	33.33%	3 years
Other Equipment, Furniture and Fittings	20.00%	5 years

Useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

\* Fittings classified as buildings may have varying depreciation rates and useful lives (i.e. 20% Depreciation Rate and 5 years Useful Life).

- Maintenance

Day-to-day servicing costs or maintenance are charged as expenses incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(viii) Artefacts

Artefacts include aboriginal artwork, sculptures, carvings and painted rocks. These assets are not depreciated but are revalued on a regular basis by an independent expert valuer. The valuation of these assets was completed on 30 June 2016. Any change in value is accounted for as explained in Note 26.

(ix) Leases

The Council leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Council does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Council and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

From 1 July 2019, AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases. The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 2 to 10 years
- Motor vehicles 2 to 4 years

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Council assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Refer to Note 24 for more details.

## ii. Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the Council; and
- payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Council's leases, the lessee's incremental borrowing rate is used, being the rate that the Council would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Council's lease liabilities are included in borrowings. Refer to Note 30 for more details.

The Council has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new and comprise mainly printers.

(x) Intangible assets

The Council recognises intangible assets only if it is probable that future economic benefits will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the fair value as at the date of acquisition is capitalised in the fixed asset register.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight-line method over a period of three years.

In general, intangible assets are tested for impairment where an indicator of impairment exists.

(d) *Liabilities*

(i) Payables

These amounts represent liabilities for goods and services provided to the Council. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

- Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that are expected to be due wholly within twelve months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at nominal amount based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not wholly expected to be settled within twelve months and is measured at present value in accordance with AASB 119 *Employee Benefits*. A market yield on 10-year government bonds of 0.87% (1.32% in 2018-2019) was applied to discount long-term annual leave.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

- Long Service Leave and Superannuation

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 18-10 *Accounting for Superannuation* and NSWTC 18-13 *Accounting for Long Service Leave and Annual Leave*) to all employees using current rates of pay. These factors were determined based on approximate present value.

In respect of defined contribution schemes (i.e. Basic Benefit and First State Super), expense is calculated as percentage of the employees' salary. For the defined benefit schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

- Other Provisions

Other provisions exist when the Council has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A make good provision for the lease of the Zone and Councillor Offices is discounted at 0.25%, 0.26% and 0.41% (2, 3 and 5 years Government Bond Rates), which reflects the current market assessment of the time value of money and the risk specific to the liability.

(e) *Incorporation of Local Aboriginal Land Council*

There were no new Local Aboriginal Land Councils incorporated during the financial year (none in 2018-19).

(f) *Transfer of property to Local Aboriginal Land Councils*

During the year ended 30 June 2020, three properties were transferred by NSWALC to three Local Aboriginal Land Councils (Bogal LALC, Jali LALC and Ngulingah LALC) with nil consideration and the total property written down value was \$680k (transferred \$20k in 2018-19).

Expected sale and transfer of properties within the next twelve months are classified as Properties Held for Sale and Transfer to LALCs under current assets.

(g) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except when:

- The amount of GST incurred by the Council as a purchaser which is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(h) *Tax exemptions*

The Council is a Public Benevolent Institution (PBI) under the *Income Tax Assessment Act 1997*. Therefore, the Council is exempt from income tax from 1 July 2000. The Council is also exempt from the Payroll Tax under *Payroll Tax Act 2007*.

(i) *Comparative information*

Except when an Australian Accounting Standard permits or requires otherwise, comparative balances were restated to improve clarity and effective presentation of financial statements.

(j) *New Australian Accounting Standards effective for the first time in the current financial year*

The Council has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.



The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities**

AASB 15 and AASB 1058, which mandatorily apply for the Council from 1 July 2019 affect all entities providing goods or services under contract arrangements, especially those offering bundled products and services. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

AASB 1058 replaces most of the existing requirements in AASB 1004 Contributions. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer is satisfied, for transfers to enable an entity to acquire or construct a recognisable nonfinancial asset that will be controlled by the entity.
- immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Council has adopted AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019. The Council has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Council to further its objectives, are not restated to their fair value.

**Impact of adoption**

The Council has conducted an assessment on AASB 15 and AASB 1058 and determined that AASB 15 does not impact the Council's financial results as there are no contracts between NSWALC and customers in the current financial year.

The impact of adopting AASB 1058 is stated as below:

**Impact on Statement of Comprehensive Income (Increase/(decrease)) - Consolidated**

	<b>30 June 2020 AASB 1058</b>	<b>30 June 2020 Without adoption of AASB 1058</b>	<b>30 June 2020 impact of AASB 1058</b>
	<u><b>\$'000</b></u>	<u><b>\$'000</b></u>	<u><b>\$'000</b></u>
<b>Revenue</b>			
Hub Grant	2,898	135	2,763
Fishing Grant	200	32	168
Knockout Grant	179	400	(221)
	<b>3,277</b>	<b>567</b>	<b>2,710</b>
<b>Expenses</b>			
Donation	-	20	(20)
	<b>-</b>	<b>20</b>	<b>(20)</b>
<b>Net result</b>	<b>3,277</b>	<b>547</b>	<b>2,730</b>

**Impact on Statement of Financial Position (Increase/(decrease)) - Consolidated**

	30 June 2020 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 impact of AASB 1058
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Assets</b>	-	-	-
	-	-	-
<b>Liabilities</b>			
Unexpended Hub Grant	8,835	-	8,835
Unexpended Fishing Grant	4,906	-	4,906
Unexpended Knockout Grant	221	-	221
Unexpended Donation Grant	420	-	420
Unexpended Asbestos Remediation Grant	353	-	353
	<b>14,735</b>	-	<b>14,735</b>
<b>Total adjustment to equity</b>			
Hub Grant	11,598	-	11,598
Fishing Grant	5,074	-	5,074
Donation	440	-	440
	<b>17,112</b>	-	<b>17,112</b>

**Impact on Statement of Comprehensive Income (Increase/(decrease)) - Parent**

	30 June 2020 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 impact of AASB 1058
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Revenue</b>			
Hub Grant	2,898	135	2,763
Fishing Grant	200	32	168
Knockout Grant	179	400	(221)
	<b>3,277</b>	<b>567</b>	<b>2,710</b>
<b>Expenses</b>			
Donation	-	20	(20)
	-	<b>20</b>	<b>(20)</b>
<b>Net result</b>	<b>3,277</b>	<b>547</b>	<b>2,730</b>

**Impact on Statement of Financial Position (Increase/(decrease)) - Parent**

	<b>30 June 2020 AASB 1058</b>	<b>30 June 2020 Without adoption of AASB 1058</b>	<b>30 June 2020 impact of AASB 1058</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Assets</b>	-	-	-
	-	-	-
<b>Liabilities</b>			
Unexpended Hub Grant	8,835	-	8,835
Unexpended Fishing Grant	4,906	-	4,906
Unexpended Knockout Grant	221	-	221
Unexpended Donation Grant	420	-	420
	<b>14,382</b>	-	<b>14,382</b>
<b>Total adjustment to equity</b>			
Hub Grant	11,598	-	11,598
Fishing Grant	5,074	-	5,074
Donation	440	-	440
	<b>17,112</b>	-	<b>17,112</b>

**AASB 16 Leases**

AASB 16 replaces Leases standard AASB 117 Leases for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases, and to account for those two types of leases differently.

AASB 16 requires the entity to account for all leases under a single on balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the entity recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Council has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

In relation to leases that had previously been classified as 'operating leases' under AASB 117, a lease liability is recognised at 1 July 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.20%.

The corresponding right-of-use asset is initially recorded on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019. The exception is right-of-use assets that are subject to accelerated depreciation. These assets are measured at their fair value at 1 July 2019.

The amended standard also requires enhanced disclosures to be provided by lessees. The Council has implemented this standard since 1 July 2019.

The Council's assessment has indicated that a Property Lease was brought on balance sheet. On initial recognition, the Council recognised a right of use asset and an associated lease liability of \$11.816 million on 1 July 2019 and details are listed below:

### Impact of adoption

#### The effect of adoption AASB 16 as at 1 July 2019 - Consolidated

	<u><i>\$'000</i></u>
<b>Assets</b>	
Right-of-use assets Leased Properties	11,296
Right-of-use assets Leased Motor Vehicle	520
<b>Total assets</b>	<b><u>11,816</u></b>
<b>Liabilities</b>	
Leased Liability for leased Properties Current	687
Leased Liability for leased Motor Vehicle Current	309
Leased Liability for leased Properties Non Current	10,609
Leased Liability for leased Motor Vehicle Non Current	211
<b>Total liabilities</b>	<b><u>11,816</u></b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	<u><i>\$'000</i></u>
Operating lease commitments as at 30 June 2019 (GST included)	7,206
(Less): GST included in operating lease commitments	(655)
Operating lease commitments as at 30 June 2019 (GST excluded)	6,551
Weighted average incremental borrowing rate as at 1 July 2019	6.20%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b><u>4,888</u></b>
(Less): commitments relating to short-term leases	(107)
(Less): commitments relating to leases of low-value assets	(147)
Add/(less): contracts re-assessed as lease contracts	763
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	6,778
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	(358)
<b>Lease liabilities as at 1 July 2019</b>	<b><u>11,816</u></b>

## The effect of adoption AASB 16 as at 1 July 2019 - Parent

	<u>\$'000</u>
<b>Assets</b>	
Right-of-use assets Leased Properties	2,890
Right-of-use assets Leased Motor Vehicle	520
<b>Total assets</b>	<b><u>3,410</u></b>
<b>Liabilities</b>	
Leased Liability for leased Properties Current	240
Leased Liability for leased Motor Vehicle Current	309
Leased Liability for leased Properties Non Current	2,650
Leased Liability for leased Motor Vehicle Non Current	211
<b>Total liabilities</b>	<b><u>3,410</u></b>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	<u>Leased Properties</u> <u>\$'000</u>	<u>Leased MV</u> <u>\$'000</u>	<u>Printers</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Operating lease commitments as at 30 June 2019 (GST included)	1,831	767	162	2,760
(Less): GST included in operating lease commitments	(166)	(70)	(15)	(251)
Operating lease commitments as at 30 June 2019 (GST excluded)	1,665	697	147	2,509
Weighted average incremental borrowing rate as at 1 July 2019	6.20%	6.20%	-	6.20%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<b><u>1,232</u></b>	<b><u>516</u></b>	<b><u>147</u></b>	<b><u>1,896</u></b>
(Less): commitments relating to short-term leases	(105)	(2)	-	(107)
(Less): commitments relating to leases of low-value assets	-	-	(147)	(147)
Add/(less): contracts re-assessed as lease contracts	461	-	-	461
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	1,525	-	-	1,525
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	(223)	6	-	(217)
<b>Lease liabilities as at 1 July 2019</b>	<b><u>2,890</u></b>	<b><u>520</u></b>	<b><u>-</u></b>	<b><u>3,410</u></b>

### (k) New Australian Accounting Standards issued but not yet effective

At the date of authorisation of the consolidated financial statements, the Standards and Interpretations listed in Note 39 were issued but not yet effective. NSW Treasury has mandated not to early adopt any of the new Standards / Interpretations through Treasury Circular.

## 4. DETERMINATION OF FAIR VALUES

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Council categorises, for disclosure purposes, the valuation techniques based on the inputs grouped into three levels of fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Council recognises transfers between levels of the fair value hierarchy at the end the reporting period during which the change has occurred.



Refer Note 20 and Note 27 for financial assets and non-financial assets at fair value.

(i) Property, plant and equipment

The fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

(ii) Other receivables

The fair value of other receivables is based on the net realisable value after considering any possible risks of impairment. All other receivables, after impairment, are expected to be received within a short period of time and considered as fair values.

(iii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and considered as fair values.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the asset or liability.

## 5. FINANCIAL RISK MANAGEMENT

The Council has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Council's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk and their management of capital. Further quantitative disclosures are included through these financial statements.

### *Risk Management Framework*

The Council's principal financial instruments comprise cash, short term deposits and portfolio of investments. The main purpose of these financial instruments is to fund the Council's operations and its future sustainability. The Council has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from the Council's financial instruments are credit risk, liquidity risk and interest rate risk. The Council reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Credit Risk*

Credit risk is the risk of financial loss to the Council if a Council's debtor or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets of the Council, including cash, receivables, term deposits and investment in unit trust deposits. In regards to investments in unit trusts, this credit risk is reflected in the unit prices when the underlying securities are marked to market. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

The Council has provided a Bank Guarantee for the Southern Zone leased office since May 2015.

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the monthly average cash rate. It is the Council's practice to deal with banks with the highest ratings. The Council monitors the financial stability of the banks that hold its funds, by reviewing the credit rating of the banks and compliance with the Council's policies.

(ii) Receivables

The Council's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Council has statutory debts and other debts.

- *Statutory debts*

The Council incurred significant expenses as a result of the application of legislation, which are recoverable from Local Aboriginal Land Councils. These debts are grouped as statutory debts and not categorised as financial instruments as per the NSW Treasury Policy and Guideline TPP08-1 *Accounting Policy: Accounting for financial instruments*. The Council assess the collectability of such debts on a case by case basis in accordance with Debtor Management Policy.

- *Other debts*

The Council is exposed to various concentrations of credit risk through other debts receivable from Local Aboriginal Land Councils. These debts were incurred as a result of the payment of minor loans and advances repayable within in a short period of time. Credit risk exposure is reported in the monthly aged analysis report. The Senior Financial Accountant, in conjunction with Zone Directors, is responsible for the collection of debts due from Local Aboriginal Land Councils. The counter party risk that arises from mortgage loans is considered to be not significant. The amounts due were reviewed on an individual basis and provision made for any impairment.

(iii) Investments

The Council limits its exposure to credit risks by investing in banks by direct deposits, equities and in unit trusts with fund managers whose portfolio of investments are within the risk limits disclosed by the fund managers in the offer documents of their trusts. This risk is monitored by the Council's investment consultant. The selection of asset classes into which the Council invests is researched and recommended by the investment consultant. The investment consultant provides a periodic review of all credit risks relating to different asset classes of investment and monitors the value of investments held as per the benchmark stated in the Investment Policy. This research takes into account such matters as counterparty and credit risk. The Council's investments, as disclosed in Note 20, are managed by the Council in conjunction with the investment consultant and are not guaranteed from credit risk.

The Council has placed funds on deposit with a commercial bank with the highest rate for a fixed term. It monitors the financial stability of the bank to determine any credit risk that might affect the Council by reviewing its Annual Reports and other financial publications. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Council will be unable to meet its payment obligations when they fall due. The Council continuously manages the risk through monitoring and planning future cash flows and (maturities planning) to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies.

The liquidity risk that might arise from various classes of financial assets held by the Council and its management is explained under the credit risk of each class of financial asset.

The only line of credit the Council has is a corporate card facility of \$500,000 with the National Australia Bank.

During current and prior years, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular (NSWTC11-12 *Payment of Accounts*). If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSWTC11-12 allows the Minister to award interest for late payment. No interest was paid during the year.

(c) *Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Council's exposures to market risk are as follows:

- Growth: the depth and length of the global economic status, and its impact on the investments held by the Council
- Systematic risk: liquidity and counterparty risks in financial markets
- Lack of Corporate Governance: universal lack of corporate governance leads to fraud and bankruptcies.

The Council manages its market risk exposure by construction of a risk framework that quantifies the risks in the portfolio and the probable outcomes from the portfolio given different events.

(i) *Currency risk*

The Council has direct exposure to foreign currency risk by investing into funds denominated in foreign currencies. In addition, the Council is also exposed to indirect foreign currency risk by the depositing of its funds in international investments by its fund managers. It also has some foreign currency exposure when foreign currency funds are held by the transitional custodian. Investment in foreign currency and foreign currency funds held by the transitional custodian are comprehensively monitored.

The Council has adopted a policy to hedge the risk on currency exposures for its international equity investments by entering into foreign exchange contracts. The Council's Banker, the National Australia Bank, reviews the funds where the Council has international equity investments. They are then benchmarked against the MSCI World ex Australia weightings to determine the currency composition. A decision was endorsed by the Council's Investment Consultant along with the Chief Investment Officer. The Council track its exposure on a daily basis, making the hedge results more transparent.

(ii) *Interest rate risk*

Exposure to interest rate risk arises primarily through the Council's term deposits and fixed income unit trust investment that have marked to market exposure. The Council accounts for any fixed rate financial instruments at fair value through profit or loss. Therefore, for these financial instruments, a change in interest rates would affect the profit and loss and equity. A reasonable possible change of rate provided by investment advisors is used, consistent with current trends in interest rates. This is reviewed quarterly and amended where there is a structural change in the level of interest rate volatility.

The interest rate risk in respect of corporate card facility is considered to be negligible.

(iii) *Other price risk*

Exposure to 'other price risk' primarily arises through investments with fund managers that are held for strategic rather than trading purposes. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by the Investment Committee for the approval of the Council. The primary goal of the Council's investment strategy is to maximise investment returns within the investment framework approved by the Council in order to meet Council's operating expenses and preserve the funds. Management is assisted by external advisors in this regard. In accordance with this strategy, investments are designated at fair value through the profit and loss because their performance is actively monitored and they are managed on a fair value basis.

(d) *Operational Risk*

The Council manages its operational risk which mainly affects the Aboriginal community as part of the risk management strategy which includes political, culture and heritage, social, environmental and economic risks. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Council's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Council's operations.

The Council's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Council's reputation with overall cost effectiveness and to implement control procedures so as to comply with legislative requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and managers within each business unit. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the periodic reporting to senior management, relevant committees and the Council
- Training and professional development
- Risk mitigation, including insurance where this is effective.

Compliance with established standards, policies and procedures is supported by a program of periodic review undertaken by Internal Audit. The results of the internal audit reviews are discussed with management of the business unit to which they relate, with reports submitted to Senior Management, the Audit and Risk Committee and the Council.

## 6. CAPITAL MANAGEMENT

As per the legislative requirement, the Council has to maintain its capital value to a minimum of \$485,340,000. The Council monitors its return on investments and operating expenditure to maintain its capital value.

It has developed two key strategies for its capital management:

- a) Strategic Asset Allocation (SAA) - to generate revenue and mitigate risks relating to investments.
- b) Drawdown Rule – as a guide to control operating expenditure.

SAA has been implemented and is closely monitored by the Investment Committee and the Council.

The Drawdown Rule is based on the following key elements:

- Previous drawdown
- Average asset value
- Long term spending rate

This rule was adopted on advice from the Council's former investment advisor, Towers Watson Australia Pty Ltd. The annual expected future draw down is equal to 70% draw down in previous year and 30% of the average asset value in previous year times the long-term spending rate. Therefore, drawdown for expenditure was 8.30% of the investment balance in 2019-20 (9.90% of the investment balance in 2018-19). The annual spending rate per the draw down rule is 4%.

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>7. INVESTMENT REVENUE</b>				
Interest	42	389	42	382
Dividends	18,142	20,846	18,142	20,846
Realised Gains/(Losses)	(1,504)	(5,470)	(1,504)	(5,470)
	<u>16,680</u>	<u>15,765</u>	<u>16,680</u>	<u>15,758</u>
<b>8. GRANTS AND CONTRIBUTIONS</b>				
Grants from Government and Non-Government Agencies	4,922	174	4,910	174
	<u>4,922</u>	<u>174</u>	<u>4,910</u>	<u>174</u>
<b>9. OTHER REVENUE</b>				
Investment Managers Fees Rebates	971	664	971	664
Movement in Impairment	124	263	124	263
Levy Received from Government	2,619	742	2,619	742
Assets Received at Nil Consideration	121	7	121	7
Other	941	241	926	241
	<u>4,776</u>	<u>1,917</u>	<u>4,761</u>	<u>1,917</u>

#### 10. GAIN/(LOSS) ON DISPOSAL/WRITE OFF OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE

Consolidated	Intangible Assets	Plant and Equipment	Land and Building	Total
2020	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	125	125
Written Down Value of Assets Disposed	-	-	(134)	(134)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	-	-	<b>(9)</b>	<b>(9)</b>
2019	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	40,800	40,800
Written Down Value of Assets Disposed	-	-	(28,977)	(28,977)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	-	-	<b>11,823</b>	<b>11,823</b>
Parent	Intangible Assets	Plant and Equipment	Land and Building	Total
2020	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	125	125
Written Down Value of Assets Disposed	-	-	(134)	(134)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	-	-	<b>(9)</b>	<b>(9)</b>
2019	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Proceeds from Disposal	-	-	40,800	40,800
Written Down Value of Assets Disposed	-	-	(28,977)	(28,977)
<b>Net Gain/(Loss) on Disposal and Write Off</b>	-	-	<b>11,823</b>	<b>11,823</b>

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>11. OTHER GAINS/(LOSSES)</b>				
<b>CHANGES IN FAIR VALUE OF INVESTMENTS</b>				
Net change in fair value of Hedge Instrument	(92)	442	(92)	442
Net change in fair value of Financial Assets classified as held for trading	(23,009)	17,591	(23,009)	17,591
	<u>(23,101)</u>	<u>18,033</u>	<u>(23,101)</u>	<u>18,033</u>

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>12. EMPLOYEE RELATED EXPENSES</b>				
Salaries and Wages (Including Recreation Leave)	16,982	14,635	16,829	14,635
Superannuation Expenses	1,564	1,309	1,552	1,309
Leave Expenses	1,684	1,307	1,679	1,307
Workers' Compensation Insurance	177	186	177	186
	<u>20,407</u>	<u>17,437</u>	<u>20,236</u>	<u>17,437</u>
<b>13. FUNDING TO LOCAL ABORIGINAL LAND COUNCILS</b>				
Fully Funded	15,915	15,659	15,915	15,659
Partly Funded	257	166	257	166
Essential Expenses Paid for LALCs	872	1,207	872	1,207
Investigator Expenses Paid	39	-	39	-
LALCs Advisor Expenses	156	156	156	156
	<u>17,239</u>	<u>17,188</u>	<u>17,239</u>	<u>17,188</u>
<b>14. GRANTS</b>				
Funeral Assistance	705	655	705	655
Community Development Levy	254	573	254	573
Properties Transferred to LALCs	680	20	680	20
Fishing Fund Grants	126	-	126	-
Grants to NET	-	-	539	-
Grants to NHL	-	-	506	-
Grants to NSWALC Properties for Head Office Lease	-	-	928	-
Sold Property Proceeds Distributed to LALCs	5	-	5	-
Others	344	286	344	286
	<u>2,114</u>	<u>1,534</u>	<u>4,086</u>	<u>1,534</u>



	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>15. OTHER OPERATING EXPENSES</b>				
Audit Fees - The Audit Office of NSW	197	185	176	176
Internal Audit and Investigation	39	70	39	70
Consultants Fees	1,140	2,143	1,106	2,143
Motor Vehicle Expenses	208	676	208	676
Maintenance Expenses*	138	154	138	154
Travel Expenses and Meal Allowances	560	1,078	560	1,078
Insurance	379	240	379	240
Statewide Conference Expenses	-	441	-	441
Rent and Outgoings	199	1,288	199	1,288
Expenses of Selling 33 Argyle St Property	-	620	-	620
Postage, Printing and Stationery	34	39	34	39
Contractor Fees	399	537	399	537
Electricity, Gas & Power	64	138	64	138
Telephone & Communications	592	356	586	356
Leased Property Other Expenses	-	2	-	2
IT Related Expenses	259	296	259	296
Photocopying Expenses	47	164	47	164
Staff Training, Development and Recruitment	195	191	195	191
40th Anniversary Celebration	-	34	-	34
Public Relation	30	129	30	129
Workshop and Conference Costs	206	85	206	85
Rates	22	38	22	38
Meeting Costs	59	48	59	48
Community Consultations	41	49	41	49
Capacity Building	-	17	-	17
Relocation Expenses	27	32	27	32
Committee Member Fees	41	48	41	48
Storage Rental	48	61	48	61
HR Initiatives	6	7	6	7
Cleaning, Gardening & Waste Removal	45	44	45	44
Valuer's Fee	1	10	1	10
Advertising	14	32	14	32
Office Supplies	11	10	11	10
Other Program Expenses	369	441	369	441
Business Development Grants	19	84	19	84
Yapar Hub Expenses	490	-	490	-
Miscellaneous Expenses	635	348	593	348
	<u>6,515</u>	<u>10,135</u>	<u>6,411</u>	<u>10,126</u>

\* All maintenance work carried out by the external contractors and there are no employee related expenses included.

#### 16. PROGRAM EXPENSES

Share of Contribution to Water and Sewerage Infrastructure Program*	682	1,449	682	1,449
	<u>682</u>	<u>1,449</u>	<u>682</u>	<u>1,449</u>

Note:

\*The Council paid its contribution (50% of the program) in relation to operation, maintenance and monitoring of water and sewerage services for Aboriginal Communities. The payment was made to the New South Wales Office of Water, which manages the project as per the agreement between New South Wales State Government and the Council.

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>17. CASH AND CASH EQUIVALENTS</b>				
Cash at Bank and in Hand	4,008	6,665	2,114	6,154
Funeral Fund - Cash at Bank	353	351	353	351
	<u>4,361</u>	<u>7,016</u>	<u>2,467</u>	<u>6,505</u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits. Also, include cash and cash equivalents under Restricted Assets (Refer to Note 18).

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows.

Details regarding Credit Risk, Liquidity Risk and Market Risk including financial assets that are either past due or impaired are disclosed in Note 35.

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>18. RESTRICTED ASSETS</b>				
Community Development Levy - Cash at Bank	17,793	12,763	17,793	12,763
Indigenous Business and Employment Hub - Cash at Bank*	9,252	11,728	9,252	11,728
NSW Aboriginal Controlled Fishing Fund - Cash at Bank**	4,916	5,074	4,916	5,074
<b>TOTAL RESTRICTED ASSETS</b>	<u>31,961</u>	<u>29,565</u>	<u>31,961</u>	<u>29,565</u>

\* NSWALC is partnering with the Australian Government, under the Indigenous Business Sector Strategy (IBSS), to design and deliver the Western Sydney Indigenous Business and Employment Hub. As part of this partnership, in 2017-18 financial year, the Australian Government provided \$12.5 million (excluding GST) in funding to support the establishment and ongoing operation of the Hub until 30 June 2022.

\*\* In 2017-18 financial year, the Australian Government provided \$5.0 million (excluding GST) fishing fund to support NSW Aboriginal people to enter the commercial fishing sector and to achieve long term economic outcomes for coastal and riverine communities, through employment and business development opportunities until 30 November 2022. The potential functions of the fund could include:

- Purchase of shares in the NSW fishing industry, to be held by the NSWALC Entity
- Business grants and loans to support Aboriginal fishing businesses
- Support for the mentoring and training of young Aboriginal fishers
- Development of a seafood brand to market and promote Aboriginal caught and processed fish

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>19. RECEIVABLES</b>				
<b>a) Current</b>				
Debtors	1,077	1,008	1,701	1,008
GST Receivable from ATO	347	205	331	205
Statutory Debts from LALCs	31	52	31	52
Prepayments	370	281	370	281
Franking Credit Rebates	937	1,662	937	1,662
	<u>2,762</u>	<u>3,208</u>	<u>3,370</u>	<u>3,208</u>
<b>b) Non-Current</b>				
Statutory Debts from LALCs	2,523	2,171	2,523	2,171
Less: Allowance for impairment	(2,481)	(2,171)	(2,481)	(2,171)
	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>
<b>c) Movement in the allowance for impairment</b>				
Balance at 1 July	2,171	1,767	2,171	1,767
Amounts written off during the year	(103)	-	(103)	-
Increase/(Decrease) of provision during the year	537	679	537	679
Decrease in allowance due to repayment of debt	(124)	(275)	(124)	(275)
Balance at 30 June	<u>2,481</u>	<u>2,171</u>	<u>2,481</u>	<u>2,171</u>
<b>Represented by:</b>				
Non-Current	2,481	2,171	2,481	2,171
	<u>2,481</u>	<u>2,171</u>	<u>2,481</u>	<u>2,171</u>

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>20. FINANCIAL ASSETS AT FAIR VALUE</b>				
Australian Fixed Income	41,115	43,679	41,115	43,679
Australian Equities	92,374	101,566	92,374	101,566
International Equities	171,630	190,427	171,630	190,427
Emerging Markets	40,618	44,371	40,618	44,371
Hedge Fund	72,713	74,494	72,713	74,494
Absolute Return Fixed Income	79,183	87,474	79,183	87,474
Unlisted Infrastructure	1,758	-	1,758	-
Inflation - Linked Bond	27,075	25,578	27,075	25,578
Unlisted Property	60,389	62,881	60,389	62,881
Cash Fund	22,061	26,851	22,061	26,851
	<u><b>608,916</b></u>	<u><b>657,321</b></u>	<u><b>608,916</b></u>	<u><b>657,321</b></u>

Refer to Note 35 for further information regarding fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

## 21. DERIVATIVES

Foreign Currency Forward Contracts - Financial Asset	75,732	81,345	75,732	81,345
Foreign Currency Forward Contracts - Financial Liability	<u>(75,824)</u>	<u>(80,903)</u>	<u>(75,824)</u>	<u>(80,903)</u>
	<u><b>(92)</b></u>	<u><b>442</b></u>	<u><b>(92)</b></u>	<u><b>442</b></u>

Refer to Note 3 (c)(iv) Investments and Note 35 Financial Instrument for further information regarding financial assets and liabilities offsetting, fair value measurements, credit risk, liquidity risk and market risk arising from financial instruments.

## 22. OTHER ASSETS

Superannuation Assets	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
	<u><b>24</b></u>	<u><b>24</b></u>	<u><b>24</b></u>	<u><b>24</b></u>

## 23. OTHER FINANCIAL ASSETS

Shares in Paradigm	-	900	-	-
- Increase/(Decrease) in Value using Equity Accounting	-	(760)	-	-
- Provision for Impairment of Shares	-	(140)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Movement of Other Incidental Asset</b>				
Balance at 1 July	-	-	-	-
Additional Investments	-	120	-	-
Increase/(Decrease) in Value using Equity Accounting (Note 37 (b))	-	(108)	-	-
Movement in Provision for Impairment of Shares (Note 37 (a))	-	(12)	-	-
Balance at 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 24. PROPERTY, PLANT AND EQUIPMENT\*

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At 30 June 2019 - fair value</b>					
Gross carrying amount	8,879	1,910	-	16	10,805
Accumulated depreciation and impairment	(17)	(1,735)	-	-	(1,752)
<b>Net Carrying Amount</b>	<b>8,862</b>	<b>175</b>	<b>-</b>	<b>16</b>	<b>9,053</b>
<b>At 30 June 2020 - fair value</b>					
Gross carrying amount	8,320	2,968	-	439	11,727
Accumulated depreciation and impairment	(42)	(1,728)	-	-	(1,770)
<b>Net Carrying Amount</b>	<b>8,278</b>	<b>1,240</b>	<b>-</b>	<b>439</b>	<b>9,957</b>

### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended 30 June 2020</b>					
Net carrying amount at 1 July 2019	8,862	175	-	16	9,053
Additions/(Transfer to PP&E)	121	1,195	-	423	1,739
Disposal	-	(137)	-	-	(137)
Properties Held for Sale and Transfer to LALCs	(680)	-	-	-	(680)
Write back depreciation for disposed assets	1	137	-	-	138
Depreciation expense	(26)	(130)	-	-	(156)
<b>Net Carrying Amount at 30 June 2020</b>	<b>8,278</b>	<b>1,240</b>	<b>-</b>	<b>439</b>	<b>9,957</b>

\* There are not any property, plant and equipment in subsidiaries.

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>At 30 June 2018 - fair value</b>					
Gross carrying amount	37,808	1,826	6	670	40,310
Accumulated depreciation and impairment	-	(1,721)	(6)	-	(1,727)
<b>Net Carrying Amount</b>	<b>37,808</b>	<b>105</b>	<b>-</b>	<b>670</b>	<b>38,583</b>
<b>At 30 June 2019 - fair value</b>					
Gross carrying amount	8,879	1,910	-	16	10,805
Accumulated depreciation and impairment	(17)	(1,735)	-	-	(1,752)
<b>Net Carrying Amount</b>	<b>8,862</b>	<b>175</b>	<b>-</b>	<b>16</b>	<b>9,053</b>

## 24. PROPERTY, PLANT AND EQUIPMENT (Continued)

### Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land & Building	Plant and Equipment	Motor Vehicle	Work in Progress	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended 30 June 2019</b>					
Net carrying amount at 1 July 2018	37,808	105	-	670	38,583
Additions/(Transfer to PP&E)	66	1,047	-	(654)	459
Disposal	(28,095)	(881)	-	-	(28,976)
Properties Held for Sale and Transfer to LALCs	(305)	-	-	-	(305)
Revaluation Movement	(131)	-	-	-	(131)
Depreciation expense	(481)	(96)	-	-	(577)
<b>Net Carrying Amount at 30 June 2019</b>	<b>8,862</b>	<b>175</b>	<b>-</b>	<b>16</b>	<b>9,053</b>

## 24. RIGHT OF USE ASSETS

### RIGHT OF USE ASSETS - Consolidated

	Land & Building	Motor Vehicle	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Gross carrying amount 1 July 2019</b>	11,296	520	11,816
Accumulated depreciation	-	-	-
<b>Net Carrying Amount</b>	<b>11,296</b>	<b>520</b>	<b>11,816</b>
<b>Gross carrying amount 30 June 2020</b>	11,984	554	12,538
Accumulated depreciation	(1,290)	(290)	(1,580)
<b>Net Carrying Amount</b>	<b>10,694</b>	<b>264</b>	<b>10,958</b>

### Reconciliation

A reconciliation of the carrying amount of each class of ROU at the beginning and end of the current reporting period is set out below:

	Land & Building	Motor Vehicle	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended 30 June 2020</b>			
Gross carrying amount 1 July 2019	11,296	520	11,816
Additions	892	34	926
Depreciation expense	(1,290)	(290)	(1,580)
Termination	(204)	-	(204)
<b>Net Carrying Amount at 30 June 2020</b>	<b>10,694</b>	<b>264</b>	<b>10,958</b>

## 24. RIGHT OF USE ASSETS (Continued)

### RIGHT OF USE ASSETS - Parent

	Land & Building	Motor Vehicle	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gross carrying amount 1 July 2019	2,890	520	3,410
Accumulated depreciation	-	-	-
<b>Net Carrying Amount</b>	<b>2,890</b>	<b>520</b>	<b>3,410</b>
Gross carrying amount 30 June 2020	3,578	554	4,132
Accumulated depreciation	(476)	(290)	(766)
<b>Net Carrying Amount</b>	<b>3,102</b>	<b>264</b>	<b>3,366</b>

### Reconciliation

A reconciliation of the carrying amount of each class of ROU at the beginning and end of the current reporting period is set out below:

	Land & Building	Motor Vehicle	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Year ended 30 June 2020</b>			
Net carrying amount 1 July 2019	2,890	520	3,410
Additions	892	34	926
Depreciation expense	(476)	(290)	(766)
Termination	(204)	-	(204)
<b>Net Carrying Amount at 30 June 2020</b>	<b>3,102</b>	<b>264</b>	<b>3,366</b>



	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>25. INTANGIBLE ASSETS</b>				
Gross carrying amount	1,784	1,659	1,784	1,659
Accumulated amortisation and impairment	(1,600)	(1,602)	(1,600)	(1,602)
<b>Carrying amount</b>	<b>184</b>	<b>57</b>	<b>184</b>	<b>57</b>
<b>Reconciliation</b>				
Net carrying amount at 1 July	57	66	57	66
Additions	139	48	139	48
Amortisation	(12)	(57)	(12)	(57)
<b>Carrying amount at 30 June</b>	<b>184</b>	<b>57</b>	<b>184</b>	<b>57</b>
<b>26. ARTEFACTS</b>				
Carrying value at 1 July	445	445	445	445
Revaluation Increment/(Decrement)	-	-	-	-
<b>Carrying value at 30 June</b>	<b>445</b>	<b>445</b>	<b>445</b>	<b>445</b>

Artefacts were revalued in June 2016 by an independent specialised valuer. There are no additions and write off during the year.

## 27. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### (a) Fair value hierarchy

				Total
2020	Level 1	Level 2	Level 3	Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Property, plant and equipment</b>				
Land and buildings (Note 24)	-	8,278	-	8,278
Artefacts (Note 26)	-	445	-	445
	-	8,723	-	8,723
<b>2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property, plant and equipment</b>				
Land and buildings (Note 24)	-	8,862	-	8,862
Artefacts (Note 26)	-	445	-	445
	-	9,307	-	9,307

There were no transfers between the three levels during the periods.

### (b) Valuation techniques, inputs and processes

#### Land and buildings

The valuation techniques used to value land and buildings are:

1. Market Approach – this approach uses prices generated by market transactions involving identical or similar assets; and
2. Income Approach – this approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The majority of land and building assets are valued using market evidence with adjustment for condition, location, comparability, etc and therefore are categorised as Level 2.

#### Artefacts

The valuation technique used to value art and artefacts is the market approach, this approach uses prices generated by market transactions involving identical or similar assets.

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>28. PAYABLES</b>				
Accrued Salaries, Wages and On-Costs	476	287	476	287
Creditors	2,442	1,580	2,307	1,067
Funeral Fund - Refundable Contributions	353	351	353	351
	<u><b>3,271</b></u>	<u><b>2,218</b></u>	<u><b>3,136</b></u>	<u><b>1,705</b></u>

Details regarding credit risk, liquidity risk and market risk including maturity analysis of the above payables are disclosed in Note 35.

#### 29. UNEXPENDED GRANT/DONATION

Unexpended Grant - Yarpa Hub*	8,834	-	8,834	-
Unexpended Grant - Koori Knockout	221	-	221	-
Unexpended Grant - Fishing Fund**	4,906	-	4,906	-
Unexpended Grant -Asbestos Remediation	353	-	-	-
Unexpended Donation - Scholarship	420	-	420	-
	<u><b>14,734</b></u>	<u>-</u>	<u><b>14,381</b></u>	<u>-</u>

\* NSWALC is partnering with the Australian Government, under the Indigenous Business Sector Strategy (IBSS), to design and deliver the Western Sydney Indigenous Business and Employment Hub (Yarpa Hub). As part of this partnership, in 2017-18 financial year, the Australian Government provided \$12.5 million (excluding GST) in funding to support the establishment and ongoing operation of the Hub until 30 June 2022.

\*\* In 2017-18 financial year, the Australian Government provided \$5.0 million (excluding GST) fishing fund to support NSW Aboriginal people to enter the commercial fishing sector and to achieve long term economic outcomes for coastal and riverine communities, through employment and business development opportunities until 30 November 2022. The potential functions of the fund could include:

- Purchase of shares in the NSW fishing industry, to be held by the NSWALC Entity
- Business grants and loans to support Aboriginal fishing businesses
- Support for the mentoring and training of young Aboriginal fishers
- Development of a seafood brand to market and promote Aboriginal caught and processed fish

#### 30. BORROWINGS

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 July 2019	11,816	-	3,410	-
Additions	744	-	744	-
Interest expenses	719	-	240	-
Payments	<u>(1,755)</u>	<u>-</u>	<u>(829)</u>	<u>-</u>
Balance at 30 June 2020	<u><b>11,524</b></u>	<u>-</u>	<u><b>3,565</b></u>	<u>-</u>
<b>Represented by:</b>				
Current	1,125	-	616	-
Non-Current	<u>10,399</u>	<u>-</u>	<u>2,949</u>	<u>-</u>
	<u><b>11,524</b></u>	<u>-</u>	<u><b>3,565</b></u>	<u>-</u>

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>31. PROVISIONS</b>				
<b>Current Employee benefits and related on-costs</b>				
Provision for Annual Leave-Long Term	1,818	1,514	1,818	1,514
Provision for Long Service Leave - Long Term	1,278	960	1,278	960
Provision for Unfunded Superannuation (refer to Note 31(a))	783	778	783	778
	<u>3,879</u>	<u>3,252</u>	<u>3,879</u>	<u>3,252</u>
<b>Other Current Provisions</b>				
Provision for Make-Good	27	56	27	56
Provision for Legal Costs	170	245	170	245
	<u>197</u>	<u>301</u>	<u>197</u>	<u>301</u>
	<u>4,076</u>	<u>3,553</u>	<u>4,076</u>	<u>3,553</u>
<b>Non-Current Employee Benefits</b>				
Provision for Long Service Leave	303	350	303	350
	<u>303</u>	<u>350</u>	<u>303</u>	<u>350</u>
<b>Other Non-Current Provisions</b>				
Provision for Make-Good	225	93	225	93
	<u>225</u>	<u>93</u>	<u>225</u>	<u>93</u>
	<u>528</u>	<u>443</u>	<u>528</u>	<u>443</u>
<b>Aggregate Employee Benefits and Related On-Costs</b>				
Provisions - Current	3,879	3,252	3,879	3,252
Provisions - Non Current	303	350	303	350
Accrued Salaries and Wages (refer to Note 28)	476	287	476	287
	<u>4,658</u>	<u>3,889</u>	<u>4,658</u>	<u>3,889</u>
<b>Movements in provisions (other than employee benefits)</b>				
Movements in each class of provision during the financial year, other than employee benefits are set out below:				
<b>Provision for Make-Good</b>				
Carrying amount at 1 July	149	110	149	110
Additional/(Reduced) Provisions	103	39	103	39
<b>Carrying amount at 30 June</b>	<u>252</u>	<u>149</u>	<u>252</u>	<u>149</u>
Make-good has been provided for the offices leased by the Council at the end of the lease terms.				
<b>Provision for Legal Appeal</b>				
Carrying amount at 1 July	245	245	245	245
Additional/(Reduced) Provisions	(75)	-	(75)	-
<b>Carrying amount at 30 June</b>	<u>170</u>	<u>245</u>	<u>170</u>	<u>245</u>

NSWALC has court orders against it in the Limbri Court of Appeal proceedings (\$75K) and the Berrima High Court of Appeal proceedings and the High Court costs (The estimated amount would be in the range of \$140k to \$170k). The Limbri case is now approximately 7 years, it is safe to say that the Crown is not going to seek repayment of its costs and there is no longer any need to make the provisions of \$75k.

## (a) Defined Benefit Superannuation

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

State Authorities Superannuation Scheme (SASS)  
 State Superannuation Scheme (SSS)  
 State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members. The disclosure on Defined Benefit Superannuation is minimised as the number of employees is not significant.

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2020

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs
		Level 1 (A\$'000)	Level 2 (A\$'000)	Level 3 (A\$'000)
Short Term Securities	4,096,298	1,889,511	2,206,787	0
Australian Fixed Interest	1,066,448	0	1,066,448	0
International Fixed Interest	1,909,424	30,408	1,879,015	0
Australian Equities	7,294,211	6,901,927	392,284	0
International Equities	11,950,330	11,487,308	463,022	0
Property	3,352,466	644,805	16,266	2,691,395
Alternatives	10,522,833	23,408	4,337,075	6,162,350
<b>Total</b>	<b>40,192,010</b>	<b>20,977,368</b>	<b>10,360,897</b>	<b>8,853,745</b>

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-20
Short Term Securities	10.2%
Australian Fixed Interest	2.7%
International Fixed Interest	4.8%
Australian Equities	18.1%
International Equities	29.7%
Property	8.3%
Alternatives	26.2%
<b>Total</b>	<b>100.0%</b>

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

The fair value of the Pooled Fund assets as at 30 June 2020 includes \$36.9 million in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$340 million (30 June 2019: \$316 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$343 million (30 June 2019: \$331 million).

### Significant Actuarial Assumptions at the Reporting Date

#### As at 30/06/2020

Discount rate	0.87% pa
Salary increase rate (excluding promotional increases)	3.20% pa
Rate of CPI increase	1.00% for 2019/20; 0.25% for 2020/21; 1.50% for 2021/22; 1.25% for 2022/23; 1.75% for 2023/24; 2.00% for 2024/25 and 2025/26; 2.25% pa to 2029/30; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are as per the 2018 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

**Reconciliation of the present value of the defined benefit obligation - 2020**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-20</b>	<b>30-Jun-20</b>	<b>30-Jun-20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation at beginning of the year	(4)	1,691	1,687
Interest cost	-	22	22
Actuarial (gains)/losses	-	3	3
Benefits paid	-	(59)	(59)
Taxes, premiums & expenses paid	-	3	3
Present value of partly funded defined benefit obligation at end of the year	(4)	1,660	1,656

**Reconciliation of the fair value of Fund assets - 2020**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-20</b>	<b>30-Jun-20</b>	<b>30-Jun-20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of Fund assets at beginning of the year	23	913	936
Interest income	-	12	12
Actual return on Fund assets less interest income	-	9	9
Benefits paid	-	(59)	(59)
Taxes, premiums & expenses paid	-	3	3
Fair value of Fund assets at end of the year	23	878	901

**Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2020**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-20</b>	<b>30-Jun-20</b>	<b>30-Jun-20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation at end of year	(4)	1,660	1,656
Fair value of Fund assets at end of year	(23)	(878)	(901)
<b>Subtotal</b>	<b>(27)</b>	<b>783</b>	<b>755</b>
Net liability/(Asset) recognised in balance sheet at end of year	(27)	783	755

**Expense recognised in Statement of Comprehensive Income - 2020**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-20</b>	<b>30-Jun-20</b>	<b>30-Jun-20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Components Recognised in Income Statement</b>			
Net Interest	-	10	10
<b>Defined benefit cost</b>	<b>-</b>	<b>10</b>	<b>10</b>

**Amounts recognised in other comprehensive income - 2020**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-20</b>	<b>30-Jun-20</b>	<b>30-Jun-20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Actuarial (gains)/losses on liabilities	-	3	3
Actual return on Fund assets less Interest income	-	(9)	(9)
	-	(5)	(5)



**Reconciliation of the present value of the defined benefit obligation - 2019**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-19</b>	<b>30-Jun-19</b>	<b>30-Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation at beginning of the year	(4)	1,449	1,445
Interest cost	-	38	38
Actuarial (gains)/losses	-	254	254
Benefits paid	-	(58)	(58)
Taxes, premiums & expenses paid	-	8	8
Present value of partly funded defined benefit obligation at end of the year	(4)	1,691	1,687

**Reconciliation of the fair value of Fund assets - 2019**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-19</b>	<b>30-Jun-19</b>	<b>30-Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of Fund assets at beginning of the year	21	892	913
Interest income	1	23	24
Actual return on Fund assets less interest income	1	48	49
Benefits paid	-	(58)	(58)
Taxes, premiums & expenses paid	-	8	8
Fair value of Fund assets at end of the year	23	913	936

**Reconciliation of the assets and liabilities recognised in Statement of Financial Position - 2019**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-19</b>	<b>30-Jun-19</b>	<b>30-Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Present value of defined benefit obligation at end of year	(4)	1,691	1,687
Fair value of Fund assets at end of year	(23)	(913)	(936)
<b>Subtotal</b>	<b>(27)</b>	<b>778</b>	<b>751</b>
Net liability/(Asset) recognised in balance sheet at end of year	(27)	778	751

**Expense recognised in Statement of Comprehensive Income - 2019**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-19</b>	<b>30-Jun-19</b>	<b>30-Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Components Recognised in Income Statement</b>			
Net Interest	(1)	15	14
<b>Defined benefit cost</b>	<b>(1)</b>	<b>15</b>	<b>14</b>

**Amounts recognised in other comprehensive income - 2019**

	<b>SANCS</b>	<b>SSS</b>	<b>Total</b>
	<b>30-Jun-19</b>	<b>30-Jun-19</b>	<b>30-Jun-19</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Actuarial (gains)/losses on liabilities	-	254	254
Actual return on Fund assets less Interest income	(1)	(48)	(49)
	(1)	206	205

### 32. CONTINGENT ASSET/LIABILITY

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>(a) Contingent Assets</b>				
Legal Claims	35	35	35	35
	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
<b>(b) Contingent Liabilities</b>				
Legal Claims	-	20	-	20
	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>

**Note:**

**Contingent Assets :**

Bankruptcy Proceedings: A creditor's petition will be filed for judgement debt in favour of NSWALC in the amount of \$35k.

**Contingent Liability :**

The judgment debt order was made by the Court in 2019-20 financial year.

### 33. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET DEFICIT

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Operating Surplus/(Deficit) from Ordinary Activities</b>	(48,561)	(2,049)	(48,995)	(2,047)
Investment Earnings	(17,608)	(16,039)	(17,608)	(16,039)
Unrealised Loss/(Gains)	23,101	(18,033)	23,101	(18,033)
Depreciation & Amortisation	1,753	633	940	633
Prior Year Adjustment for AASB 1058	(3,099)	-	(3,099)	-
Allowance for Impairment	20	11	20	11
Land Claims at Fair Value	(121)	(7)	(121)	(7)
Superannuation Actuarial (Gain)/Loss Directly Charged to Accumulated Funds	10	14	10	14
Net Movement in CDL Account	2,365	169	2,365	169
Non Cash Items Adjustment	(76)	(570)	(25)	(570)
Non Cash Employee Entitlements Expenses	(1,679)	-	(1,679)	-
Reversal of Prior Year Impairment	(124)	(276)	(124)	(276)
Inter Company Transfer	1,045	-	-	-
(Gain)/ Loss on Sale of Non-Current Assets	9	(11,823)	9	(11,823)
Properties Transferred at Fair Value	680	20	680	20
<b>Other Changes in Assets and Liabilities in respect of Ordinary Activities</b>				
Increase/ (Decrease) in Leave and Other Provisions	603	394	603	394
Increase/ (Decrease) in Provisions for Doubtful Debts	537	712	537	712
Decrease/ (Increase) in Receivables	(537)	(982)	(572)	(982)
Decrease/ (Increase) in Prepayment	(89)	207	(89)	207
Increase/ (Decrease) in Creditors	(114)	(135)	333	(648)
<b>Net Cash Inflows from Ordinary Activities</b>	<u>(41,885)</u>	<u>(47,754)</u>	<u>(43,714)</u>	<u>(48,265)</u>

### 34. LIABILITY AS TRUSTEE

The Council acts as trustee for the Gumbaynggir Tribal Aboriginal Elders Corporation.  
The movement in the Trust bank account is:

	Consolidated		Parent	
	2020	2019	2020	2019
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Opening balance at 1 July	230	212	230	212
Add: Receipts	16	18	16	18
<b>Closing balance at 30 June</b>	<b>246</b>	<b>230</b>	<b>246</b>	<b>230</b>

### 35. FINANCIAL INSTRUMENTS

The carrying amounts of the Council's principal financial instruments are outlined below. The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. During the year the Council invested through a number of fund managers as recommended by the Investment Consultant.

#### (a) Financial instrument categories

##### i. As at 30 June 2020 under AASB 9

Financial Assets	Note	Category	Consolidated Carrying Amount	Parent Carrying Amount
			2020	2020
Class:			\$'000	\$'000
Cash and cash equivalents	17	N/A	4,361	2,467
Restricted cash and cash equivalents	18	N/A	31,961	31,961
Receivables <sup>1</sup>	19	Amortised cost	1,077	1,701
Financial assets at fair value	20,21	Fair value through profit or loss	684,648	684,648
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2020	2020
Class:			\$'000	\$'000
Payables <sup>2</sup>	28	Financial liabilities measured at amortised cost	3,271	3,136
Financial liabilities at fair value	21	Fair value through profit and loss	75,824	75,824
Borrowings	30	Financial liabilities measured at amortised cost	11,524	3,565

##### i. As at 30 June 2019 under AASB 9 (comparative period)

Financial Assets	Note	Category	Consolidated Carrying Amount	Parent Carrying Amount
			2019	2019
Class:			\$'000	\$'000
Cash and cash equivalents	17	N/A	7,016	6,505
Restricted cash and cash equivalents	18	N/A	29,565	29,565
Receivables <sup>1</sup>	19	Amortised cost	1,008	1,008
Financial assets at fair value	20,21	Fair value through profit or loss	738,666	738,666
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2019	2019
Class:			\$'000	\$'000
Payables <sup>2</sup>	28	Financial liabilities measured at amortised cost	2,218	1,705
Financial liabilities at fair value	21	Fair value through profit and loss	80,903	80,903

## Notes

1. Excludes statutory receivables and prepayments (i.e. not within the scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within the scope of AASB 7).

### Fair Value Recognised in the Statement of Financial Position

The Council uses the following hierarchy for disclosing the fair value of financial instruments.

Level 1 - Derived from quoted prices in active markets for identical assets

Level 2 - Derived from inputs other than quoted prices that are observable directly or indirectly

Level 3 - Derived from valuation techniques that include inputs for the asset not based on observable market data (unobservable inputs)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2020 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value				
Managed funds	447,342	161,575	-	608,917
Derivatives - Assets	-	75,732	-	75,732
	<b>447,342</b>	<b>237,307</b>	<b>-</b>	<b>684,649</b>
Financial liabilities at fair value				
Derivatives - Liabilities	-	75,824	-	75,824
	<b>-</b>	<b>75,824</b>	<b>-</b>	<b>75,824</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>2019 Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets at fair value				
Managed funds	488,625	168,697	-	657,322
Derivatives - Assets	-	81,345	-	81,345
	<b>488,625</b>	<b>250,042</b>	<b>-</b>	<b>738,667</b>
Financial liabilities at fair value				
Derivatives - Liabilities	-	80,903	-	80,903
	<b>-</b>	<b>80,903</b>	<b>-</b>	<b>80,903</b>

### (b) Credit Risk

The Council's maximum exposure to credit risk at the reporting date was:

#### (i) Cash

The Council has placed funds on deposit with commercial bank with the highest rating for a fixed term. For fixed term deposits, the interest rate payable by the bank is negotiated initially and is fixed for the term of the deposit. The deposits at balance date were earning an average interest rate of 0.89% (2.20% in 2018-19), while over the year the weighted average interest rate was 0.72% (7.02% in 2018-19) on a weighted average balance during the year of \$22.82M (\$24.66M in 2018-19). None of these assets are past due or impaired.

#### (ii) Receivables – Debtors

#### Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Collectability of trade debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand.

The Council applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables (excluding statutory receivables and prepayments) have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2020.

**(c) Liquidity risk**

The table below summarises the maturity profile of the Council's financial liabilities, together with the interest rate exposure.

<i><b>Maturity analysis and interest rate exposure of financial liabilities - Consolidated</b></i>					
	<b>Interest Rate Exposure</b>		<b>Maturity Dates</b>		
	<b>Nominal Amount \$'000</b>	<b>Non-interest Bearing \$'000</b>	<b>&lt; 1 yr \$'000</b>	<b>1-5 yrs \$'000</b>	<b>&gt; 5 yrs \$'000</b>
<b>2020</b>					
Payables	2,918	2,918	2,918	-	-
Funeral Fund-Contributions Refundable	353	353	-	-	353
Financial Liabilities at fair value	75,824	75,824	75,824	-	-
Borrowings	14,225	14,225	1,125	6,458	6,642
	<b>93,320</b>	<b>93,320</b>	<b>79,867</b>	<b>6,458</b>	<b>6,995</b>
<b>2019</b>					
Payables	1,867	1,867	1,867	-	-
Funeral Fund-Contributions Refundable	351	351	-	-	351
Financial Liabilities at fair value	80,903	80,903	80,903	-	-
	<b>83,121</b>	<b>83,121</b>	<b>82,770</b>	<b>-</b>	<b>351</b>

<i>Maturity analysis and interest rate exposure of financial liabilities - Parent</i>					
	Interest Rate Exposure		Maturity Dates		
	Nominal	Non-interest	< 1 yr	1-5 yrs	> 5 yrs
	Amount	Bearing			
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Payables	2,783	2,783	2,783	-	-
Funeral Fund-Contributions Refundable	353	353	-	-	353
Financial Liabilities at fair value	75,824	75,824	75,824	-	-
Borrowings	4,172	4,172	616	2,238	1,318
	<b>83,132</b>	<b>83,132</b>	<b>79,223</b>	<b>2,238</b>	<b>1,671</b>
<b>2019</b>					
Payables	1,354	1,354	1,354	-	-
Funeral Fund-Contributions Refundable	351	351	-	-	351
Financial Liabilities at fair value	80,903	80,903	80,903	-	-
	<b>82,608</b>	<b>82,608</b>	<b>82,257</b>	<b>-</b>	<b>351</b>

**(d) Market risk**

**(i) Currency risk**

The Council has direct exposure to foreign currency by investing in International Equities. To mitigate this risk, the Council has entered into forward foreign exchange contracts with National Australia Bank. The carrying value of foreign currency exposure is \$117.73M as at 30 June 2020. (\$129.88M as at 30 June 2019).

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Council's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings. The Council does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.



The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

<b>Consolidated</b>	<b>Carrying Amount \$'000</b>	<b>-1 % Profit \$'000</b>	<b>Equity \$'000</b>	<b>+1 % Profit \$'000</b>	<b>Equity \$'000</b>
<b>2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4,361	(44)	4,317	44	4,405
Restricted cash and cash equivalents	31,961	(320)	31,641	320	32,281
Financial assets at fair value	684,648	(6,846)	677,802	6,846	691,494
<b>Financial liabilities</b>					
Financial liabilities at fair value	75,824	(758)	75,066	758	76,582
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	7,016	(70)	6,946	70	7,086
Restricted cash and cash equivalents	29,565	(296)	29,269	296	29,861
Financial assets at fair value	738,666	(7,387)	731,279	7,387	746,053
<b>Financial liabilities</b>					
Financial liabilities at fair value	80,903	(809)	80,094	809	81,712
<b>Parent</b>	<b>Carrying Amount \$'000</b>	<b>-1 % Profit \$'000</b>	<b>Equity \$'000</b>	<b>+1 % Profit \$'000</b>	<b>Equity \$'000</b>
<b>2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,467	(25)	2,442	25	2,492
Restricted cash and cash equivalents	31,961	(320)	31,641	320	32,281
Financial assets at fair value	684,648	(6,846)	677,802	6,846	691,494
<b>Financial liabilities</b>					
Financial liabilities at fair value	75,824	(758)	75,066	758	76,582
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,505	(65)	6,440	65	6,570
Restricted cash and cash equivalents	29,565	(296)	29,269	296	29,861
Financial assets at fair value	738,666	(7,387)	731,279	7,387	746,053
<b>Financial liabilities</b>					
Financial liabilities at fair value	80,903	(809)	80,094	809	81,712

(iii) Other price risk

Exposure to 'other price risk' primarily arises through the investment with fund managers which are held for strategic rather than trading purposes. The Council has the following investments:

<b>Facility - Consolidated</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Short-term facility	Cash, money market instruments	Up to 1.5 years	80,092	88,361
Strategic cash facility	Cash, money market and other interest rate instruments	Up to 3 years	608,916	657,321

<b>Facility - Parent</b>	<b>Investment Sectors</b>	<b>Investment Horizon</b>	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Short-term facility	Cash, money market instruments	Up to 1.5 years	78,199	87,850
Strategic cash facility	Cash, money market and other interest rate instruments	Up to 3 years	608,916	657,321

The selection of funds for investment is based on the research carried out on various critical success factors of each fund manager by the Council's investment consultant. The performance of investment fund managers is continually monitored by investment consultant who reports on a regular and exceptional basis to Chief Investment Officer, the Investment Committee and the Council.

The various types of investments held by the Council with the actual rate of return are provided in the following table:

<b>Analysis of Price Risks</b>	<b>Carrying value as at 30 June 2020 \$'000</b>	<b>Percentage Spread %</b>	<b>Actual rate return 30 June 2020 %</b>	<b>Carrying value as at 30 June 2019 \$'000</b>	<b>Percentage Spread %</b>	<b>Actual rate return 30 June 2019 %</b>
Australian Equities	93,311	15.30%	(1.14%)	103,228	15.65	9.82
International Equities	171,538	28.13%	(2.51%)	190,869	28.94	4.45
Australian Fixed Income	41,115	6.74%	4.47%	43,679	6.62	12.84
Absolute Return Fixed Income	79,183	12.99%	1.21%	87,474	13.27	3.33
Inflation-linked Bond Fund	27,075	4.44%	5.85%	25,578	3.88	6.31
Absolute Returns	-	-	-	-	-	(3.38)
Hedge Fund	72,713	11.92%	0.88%	74,494	11.30	3.68
Emerging Markets	40,618	6.66%	(7.81%)	44,371	6.73	5.80
Unlisted Property	60,389	9.90%	(3.09%)	62,881	9.54	6.02
Unlisted Infrastructure	1,758	0.29%	(100.00%)			
Cash Fund	22,061	3.62%	0.89%	26,851	4.07	2.16
	<b>609,761</b>	<b>100%</b>	<b>(0.91%)</b>	<b>659,425</b>	<b>100.00</b>	<b>5.25</b>

Funds other than direct deposits in banks do not have direct holdings in underlying assets. Hence, 'interest rate risk' or 'currency risk' are not applicable and are therefore not individually analysed other than 'other price risk'. The sensitivity analysis in relation to 'other price risk' is determined using standard deviation based on stochastic Global Asset Model provided by the investment consultants, and the percentage allocation of funds of the portfolio of investments held by the Council as at the year end. The following table provides the overall other price risk of the Council with sensitivity analysis.

Analysis of Price Risks	Carrying value	Estimated Risk	Profit Impact	Equity Impact	Profit Impact	Equity Impact
Total Portfolio of Investments as at 30 June 2020	609,761	(10.61%)	37,930	647,691	(37,930)	571,831
Total Portfolio of Investments as at 30 June 2019	659,425	-	39,457	698,882	(39,457)	619,968

(a) Interest rate risk will only affect the short term deposits.

(b) Estimated risk is based on Mercer's Capital Market Assumptions as at 30 June 2020.

### 36. COMMITMENTS

	Consolidated		Parent	
	2020	2019	2020	2019
Operating Leases Commitments	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Future minimum rentals payables under non-cancellable operating lease as at 30 June are as follows:				
Not later than one year	22	2,057	22	2,057
Later than one year and not later than five years	29	5,149	29	5,149
Total (Including GST)	<u>51</u>	<u>7,206</u>	<u>51</u>	<u>7,206</u>

From 1 July 2019, AASB 16 Leases requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases. Operating leases commitments relate to printers which are low value leases as expenses on a straight-line basis. GST of \$5K (\$655K in 2018-2019) has been included in the total above.

#### Operating Leases Receivable

Future minimum rentals receivable under non-cancellable operating lease as at 30 June are as follows:

Not later than one year	10	7	10	7
Later than one year and not later than five years	-	10	-	10
Total (Including GST)	<u>10</u>	<u>17</u>	<u>10</u>	<u>17</u>

Operating leases receivable relate to rental properties. These are entered into at market rates and on commercial terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained. GST of \$1K (\$2K in 2018-2019) has been included in the total above.

### 37. SUBSIDIARIES AND JOINT VENTURES

	Percentage of interest	Percentage of interest	Principal Place of Business	Relationship	Balance Date
	2020	2019			
NSWALC Resources Pty Ltd	100.00%	100.00%	Australia	Subsidiary	30-June
NSWALC Properties Pty Ltd	100.00%	100.00%	Australia	Subsidiary	30-June
NSWALC Employment and Training Ltd	100.00%	100.00%	Australia	Subsidiary	30-June
NSWALC Housing Ltd	100.00%	100.00%	Australia	Subsidiary	30-June
Paradigm Resources Pty Ltd	50.00%	50.00%	Australia	Joint Venture	30-June

(a) Subsidiaries

<b>NSWALC Resources Pty Ltd</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	-	900
Share Losses due to Equity Accounting	-	(760)
Impairment of investment	-	(140)
Total Liabilities	-	(13)
<b>Net Assets</b>	<b>-</b>	<b>(13)</b>
Total Revenue	-	120
Total Expense	-	(4)
Movement in Impairment	-	(12)
Share of Loss due to Equity Accounting	-	(108)
<b>Total Comprehensive Gain/(Loss)</b>	<b>-</b>	<b>(4)</b>

<b>NSWALC Properties Pty Ltd</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	8,578	533
Total Liabilities	(8,940)	(531)
<b>Net Assets</b>	<b>(362)</b>	<b>2</b>
Total Revenue	935	598
Total Expense	(1,299)	(596)
<b>Total Comprehensive Gain/(Loss)</b>	<b>(364)</b>	<b>2</b>

<b>NSWALC Employment and Training Ltd</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	474	-
Total Liabilities	(107)	-
<b>Net Assets</b>	<b>367</b>	<b>-</b>
Total Revenue	559	-
Total Expense	(192)	-
<b>Total Comprehensive Gain/(Loss)</b>	<b>367</b>	<b>-</b>

<b>NSWALC Housing Ltd</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	545	-
Total Liabilities	(109)	-
<b>Net Assets</b>	<b>436</b>	<b>-</b>
Total Revenue	506	-
Total Expense	(70)	-
<b>Total Comprehensive Gain/(Loss)</b>	<b>436</b>	<b>-</b>

In 2019-20, NSWALC paid Audit, Bank and ASIC fees of \$4,397(Excl GST) on behalf of Resources P/L (\$4,313 in 2018-19), paid Audit fees of \$4,600(Excl GST) on behalf of Properties P/L (\$4,500 in 2018-19).

The carrying value of shares in the accounts of Resources P/L and the consolidated financial statements of the Council were reduced to \$139,643 by applying the equity accounting as per the accounting standards. Due to the uncertainty of the revenue stream from this investment and lack of marketability, the carrying value of the investment was impaired to one dollar which represents the fair value as at 30 June 2020 in both Resources P/L and the consolidated financial statements of the Council.

In 2019-20, NSWALC, as a parent company, granted \$539k and \$506k to NET and NHL respectively. The intercompany transactions are eliminated in the consolidated financial statements of the Council.

(b) Investments in Joint Venture

<b>Paradigm Resources Pty Ltd</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Total Assets	-	343
Total Liabilities	-	64
<b>Net Assets</b>	-	279
<b>Investments Accounted for Using Equity Method</b>	-	140
 Total Revenue	-	-
Total Expense	-	216
<b>Total Comprehensive Gain/(Loss)</b>	-	(216)
<b>Share of Joint Venture's Net Profit/(Loss) Recognised</b>	-	(108)

Paradigm was established in November 2014 as a joint venture company between Resources P/L and Indigenous Energy Group Pty Ltd (ACN 167 002 404). There is no other business partner in Paradigm. The Council granted \$900,000 in the last four financial years to invest in Resources P/L so as to acquire 50% of share capital of Paradigm being 900,000 fully paid ordinary shares at \$1.00 each. There being 1,800,000 ordinary shares issued by Paradigm as at 30 June 2020 at \$1 each.

### 38. RELATED PARTY DISCLOSURES

The Council's key management personnel (KMP) compensation are as follows:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Short-term employee benefits:				
Salaries & Superannuation	2,708	2,552	2,708	2,552
Non-monetary benefits*	208	210	208	210
<b>Total remuneration</b>	<b>2,916</b>	<b>2,762</b>	<b>2,916</b>	<b>2,762</b>

\* In 2019-20, NSWALC provided Motor Vehicles to KMPs and \$208k is the Total Reportable Car Fringe Benefits provided to KMPs (\$210k in 2018-19).

During the year, the Council did not enter into transactions on arm's length terms and conditions with KMP, their close family members and controlled or jointly controlled entities thereof.

### 39. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting period. The Council did not early adopt these Accounting Standards and Interpretations that are not yet effective.

Standard/Interpretation /Interpretation	Issue Date	Operative Date
AASB 17 <i>Insurance Contracts</i>	Jul/2017	01/Jan/2021
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Oct/2018	01/Jan/2020
AASB 2018-5 <i>Amendments to Australian Accounting Standards - Deferral of AASB 1059</i>	Oct/2018	01/Jan/2019
AASB 2018-6 <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	Dec/2018	01/Jan/2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	Dec/2018	01/Jan/2020
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	May/2019	01/Jan/2020
AASB 2019-2 <i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i>	Sep/2019	01/Jan/2020
AASB 2019-3 <i>Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform</i>	Oct/2019	01/Jan/2020
AASB 2019-7 <i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations</i>	Dec/2019	01/Jan/2020
AASB 2019-8 <i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases</i>	Dec/2019	01/Jan/2020
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	Mar/2020	01/Jan/2022
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)</i>	Mar/2020	01/Jul/2021

### 40. EVENT AFTER THE BALANCE DATE

There are no known events after the balance date.

**End of Audited Financial Statement**

# Independent Auditor's Report

NSWALC Properties Pty Ltd ACN 629 594 985



To Members of the New South Wales Parliament

## Opinion

I have audited the accompanying financial statements of NSWALC Properties Pty Ltd (the Company), which comprises the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



## Other Information

The New South Wales Aboriginal Land Council's annual report for the year ended 30 June 2020 includes other information in addition to the Company's financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

# NSWALC Properties Pty Ltd Financial Statements

For the year ended 30 June 2020

## Director's Report

The Directors of NSWALC Properties Proprietary Limited (the Company) submit herewith the Financial Statements of the Company for the year ended 30 June 2020. The director's report is as follows:

### Directors

The names of the directors of the Company at the date of the report are:

Mr James Christian (Appointed on 5 December 2018)

Mr Yuseph Deen (Appointed on 5 December 2018)

Mr Stephen Hynd (Appointed on 5 December 2018)

The directors are Executives of New South Wales Aboriginal Land Council (NSWALC). The directors do not hold any shares or options in the Company or any other related companies. No remuneration was paid by the Company to the directors.

### Principal Activities

The Company was established to facilitate the sale and lease back of 33 Argyle Street, Parramatta. As part of the sale of 33 Argyle St, NSWALC agreed with the purchaser to leaseback our office premises within the building. Accordingly, the Company was established to be the tenant in the required leaseback.

### Changes in State of Affairs

There were no changes in the Company's state of affairs.

### Subsequent Events

There are no known events after the balance date.

### Indemnification of officers

During or since the end of the year the Company has indemnified or made relevant agreements to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor. This indemnification is effected through the Insurances of the parent organisation.

### Service Agreement

The directors of the Company continue as directors, as long as they are employees of NSWALC or until the directors are removed in the Board.

### **Environmental Regulations**

The Company is not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory.

### **Non-Audit Services**

During the year the Auditor-General of New South Wales, as the Company's auditor, did not perform any other non- audit service to the Company.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'J. Christian', written in a cursive style.

Director **James Christian**

SYDNEY,

26 October 2020

## Statement by Members of the Board

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Directors of NSWALC Properties Pty Ltd, we declare on behalf of the Board of Directors that in our opinion:

1. The accompanying financial statements and notes exhibit a true and fair view of the financial position of NSWALC Properties Pty Ltd as at 30 June 2020 and the transactions for the year ended 30 June 2020.

2. The financial statements and notes have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the provisions of the Public Finance and Audit Act 1983 and its accompanying regulations and the Treasurer's Directions issued under the Act..

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or materially inaccurate.


Dated at Parramatta this 26 October 2020

Signed in accordance with a resolution of the Board of Directors.

Name: James Christian  
Director (Chair)

Signed 

Name: Yuseph Deen  
Director

Signed 

## Directors' Declaration

In accordance with a resolution of the Directors of NSWALC Properties Pty Ltd we state that:

1. the attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 30 June 2020 and the results of its operations and transactions of the Company for the year ended 30 June 2020;
2. the financial statements and notes have been prepared in accordance with the provisions of the *Corporations Act 2001*;
3. the financial statements and notes have been prepared in accordance with Australian Accounting Standards and Interpretations;
4. we are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and
5. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Dated at Parramatta this 26 October 2020

Signed in accordance with a resolution of the Board of Directors.

Name: James Christian  
Director (Chair)

Signed 

Name: Yuseph Deen  
Director

Signed 

# Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Revenue</b>			
Grant from NSWALC	9	928	591
Interest Income		7	7
<b>Total Revenue</b>		<b>935</b>	<b>598</b>
<b>Expenses</b>			
Audit Fees	6	5	5
Rent Expenses	9	-	591
Sundry Expenses		2	-
Depreciation		813	-
Interest Expense on Leased Assets		479	-
<b>Total Expenses</b>		<b>1,299</b>	<b>596</b>
<b>Net Result</b>		<b>(364)</b>	<b>2</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(Loss)</b>		<b>(364)</b>	<b>2</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalent		509	39
GST Receivable from ATO		4	22
<b>Total Current Assets</b>		<b>513</b>	<b>60</b>
<b>Non-Current Assets</b>			
Term Deposit- Bank Guarantee		472	472
Right of Use Assets	4	7,593	-
<b>Total Non-Current Assets</b>		<b>8,065</b>	<b>472</b>
<b>Total Assets</b>		<b>8,578</b>	<b>533</b>
<b>Current Liabilities</b>			
Payable to NSWALC - GST	3 (f)	147	54
Funds Received In Advance	5	353	-
Borrowing	6	510	-
<b>Total Current Liabilities</b>		<b>1,010</b>	<b>54</b>
<b>Non-Current Liabilities</b>			
Payable to NSWALC - Audit Fees	7	9	5
Payable to NSWALC - Bank Guarantee	7	472	472
Borrowing	6	7,449	-
<b>Total Non-Current Liabilities</b>		<b>7,930</b>	<b>477</b>
<b>Total Liabilities</b>		<b>8,940</b>	<b>530</b>
<b>Net Assets</b>		<b>(362)</b>	<b>2</b>
<b>Equity</b>			
Retained Earnings	8	(362)	2
<b>Total Equity</b>		<b>(362)</b>	<b>2</b>



## Statement of changes in equity

For the year ended 30 June 2020

	Contributed Equity	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
<b>Balance at 01 July 2019</b>	-	2	2
Comprehensive Income/(Loss)	-	(364)	(364)
<b>Balance at 30 June 2020</b>	-	<b>(362)</b>	<b>(362)</b>

	Contributed Equity	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
<b>Balance at 24 October 2018</b>	-	-	-
Comprehensive Income/(Loss)	-	2	2
<b>Balance at 30 June 2019</b>	-	<b>2</b>	<b>2</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Statement of cash flows

For the year ended 30 June 2020

## Cash Flows From Operating Activities

Funds Transferred from NSWALC including GST	1,021	591
Interest Earned	7	7
ATO Refund -GST	75	32
Grants Received including GST	388	-
Expenses Paid including GST	(95)	-
Rent Paid for NSWALC including GST	-	(591)
Payment of interest portion of lease liability	(479)	-
<b>Net Cash Flows from Operating Activities</b>	<b>918</b>	<b>39</b>

## Cash Flows From Financing Activities

Payment of principal portion of lease liability	(447)	-
<b>Net cash inflows/(outflows) from investing activities</b>	<b>(447)</b>	<b>-</b>

## Cash Flows From Investing Activities

Term Deposit - Bank Guarantee	-	472
<b>Net Cash Flows from Investing Activities</b>	<b>-</b>	<b>472</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>471</b>	<b>511</b>
<b>Opening Cash and Cash Equivalents</b>	<b>511</b>	<b>-</b>
<b>Closing Cash and Cash Equivalents</b>	<b>982</b>	<b>511</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2020

## 1. GENERAL INFORMATION

NSWALC Properties Pty Ltd (the Company) is a proprietary company incorporated on 24 October 2018 in Australia. The Company's parent entity is the New South Wales Aboriginal Land Council (NSWALC). The address of its registered office and principal place of business are as follows:

33 Argyle Street  
Parramatta, NSW, 2150

## 2. BASIS OF PREPARATION

The Company was established to facilitate the sale and lease back of 33 Argyle Street, Parramatta. As part of the sale of 33 Argyle St, NSWALC agreed with the purchaser to leaseback our office premises within the building. Accordingly, the Company was established to be the tenant in the required leaseback.

### *(a) Basis of preparation*

The 'general purpose financial report' has been prepared in accordance with the recognition and measurement requirements specified by applicable Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983* (the Act), the Public Finance and Audit Regulation 2015 and the Treasurer's Directions issued under the Act.

### *(b) Basis of measurement*

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### *(c) Going Concern*

NSWALC has formally undertaken to financially support the Company to ensure it can operate as a "going concern". Therefore, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial report.

### *(d) Accrual Basis*

The Company prepared its statement of comprehensive income and its statement of financial position on an accrual basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

*(a) Revenue Recognition*

Until 30 June 2019, the Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

From 1 July 2019, revenue is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers.

Until 30 June 2019, Income from grants (other than contribution by owners, including donations) is recognised when the Company obtains control over the contribution. The Company is deemed to have assumed control when the grant is received or receivable. Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

From 1 July 2019, Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Company is recognised when the Company satisfies its obligations under the transfer. The Company satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The actual cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations is recognised as when the Company satisfies a performance obligation by transferring the promised goods.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No

element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations is recognised when the Company obtains control over the granted assets (e.g. cash).

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services measured at fair value.

*(b) Expense Recognition*

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Company has benefited by receiving goods or services and the expenditure can be reliably measured.

*(c) Assets*

*(i) Cash and Cash Equivalents*

Cash on hand and in bank are stated at their principal amounts.

*(ii) Receivables*

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

*(d) Liabilities – Accounts Payable*

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

*(e) Income Tax*

The Company is in the process of applying for tax-free status as it is fully owned by NSWALC, which is a public benevolent institution (PBI) under the *Income Tax Assessment Act 1997*. Consequently, the directors consider that no income tax is payable.

*(f) Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, Australian Taxation Office is classified as operating cash flows.

There is a total amount of \$146,519 GST component included in the grant provided by NSWALC in 2019/20 financial year. The GST component will be paid back to NSWALC once claimed from Australian Taxation Office.

#### 4. RIGHT OF USE ASSETS

	<b>Land &amp; Building</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Gross carrying amount 1 July 2019	8,406	8,406
Accumulated depreciation	-	-
<b>Net Carrying Amount</b>	<b>8,406</b>	<b>8,406</b>
Gross carrying amount 30 June 2020	8,406	8,406
Accumulated depreciation	(813)	(813)
<b>Net Carrying Amount</b>	<b>7,593</b>	<b>7,593</b>

##### Reconciliation

A reconciliation of the carrying amount of each class of ROU at the beginning and end of the current reporting period is set out below:

	<b>Land &amp; Building</b>	<b>Total</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Year ended 30 June 2020</b>		
Net carrying amount 1 July 2019	8,406	8,406
Depreciation expense	(813)	(813)
<b>Net Carrying Amount at 30 June 2020</b>	<b>7,593</b>	<b>7,593</b>

#### 5. FUNDS RECEIVED IN ADVANCE

The Aboriginal Affairs NSW granted \$353,000 to the Company to auspiced for delivery of a project to remediate asbestos at Namoi discrete Aboriginal community in Walgett.

## 6. Borrowing

	2020
	<u>\$'000</u>
<b>Balance at 1 July 2019</b>	8,406
Additions	-
Interest expenses	479
Payments	(926)
<b>Balance at 30 June 2020</b>	<u><u>7,959</u></u>
<b>Represented by:</b>	
Current	510
Non-Current	<u><u>7,449</u></u>
	<u><u>7,959</u></u>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	<u>\$'000</u>
Operating lease commitments as at 30 June 2019 (GST included)	4,446
(Less): GST included in operating lease commitments	(404)
Operating lease commitments as at 30 June 2019 (GST excluded)	4,042
Weighted average incremental borrowing rate as at 1 July 2019	6.20%
<b>Discounted operating lease commitments as at 1 July 2019</b>	<u><u>2,992</u></u>
Add/(less): contracts re-assessed as lease contracts	302
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	5,253
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	(141)
<b>Lease liabilities as at 1 July 2019</b>	<u><u>8,406</u></u>

## 7. PAYABLE TO NSWALC

### (a) Remuneration of Auditors

The audit fee for the Company for the year ended 30 June 2020 is \$4,600 excluding GST (\$4,500 in 2018/19). The audit fee has been paid by NSWALC.

### (b) Bank Guarantee

In accordance with the lease agreement, the Company needs to provide the landlord with an agreed amount of \$472,064 bank guarantee to secure the lease. NSWALC provided this fund to the Company and was deposited to NAB term deposit account. The full amount needs to be repaid to NSWALC once the bank guarantee is terminated on 30 April 2024.

## 8. RETAINED EARNINGS

	2020 \$'000	2019 \$'000
Retained Earnings Balance at End of Year	(362)	2

## 9. RELATED PARTY DISCLOSURES

### (a) Directors' Remuneration and Retirement Benefits

Details of directors' remuneration are disclosed in Note 12 to the financial statements.

### (b) Transactions with Other Related Parties

Other related parties include:

- Parent entity – New South Wales Aboriginal Land Council

The Company received a grant of \$927,997 from NSWALC to pay the rent for the head office of NSWALC at 33 Argyle St Parramatta. This grant was disclosed in the Statement of Comprehensive Income. The Company received secretarial and accounting services free of charge from NSWALC.

## 10. SEGMENT INFORMATION

The Company operates in one geographic segment being Australia.

## 11. EMPLOYEE INFORMATION

The number of employees as at the end of the year was Nil (Nil in 2018/19).

## 12. RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	2020 \$'000	2019 \$'000
Operating Surplus/(Deficit) from Ordinary Activities	(364)	2
Depreciation	813	-
Decrease/(Increase) in Receivables	18	(22)
Increase/(Decrease) in Payables	451	58
Net Cash Inflows/(Outflows) from Ordinary Activities	918	39



### 13. DIRECTORS' REMUNERATION

The names of the directors of the Company since incorporation until the end of the year are:

Mr James Christian  
Mr Yuseph Deen  
Mr Stephen Hynd

Aggregate income paid or payable to directors of NSWALC Properties Pty Ltd from the Company was \$Nil (\$Nil in 2018/19). The Directors of the Company are employees of NSWALC and as such they are remunerated by NSWALC. They perform their duties as Directors of NSWALC Properties Pty Ltd as part of their duties.

### 14. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting period. The Company did not early adopt these Accounting Standards and Interpretations that are not yet effective.

The Company has initially assessed the impact of some new accounting standards as listed below:

- ***AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities***

AASB 15 and AASB 1058, which mandatorily apply for the Company from 1 July 2019 will affect all entities providing goods or services under contract arrangements, especially those offering bundled products and services. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

	30 June 2020 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 impact of AASB 1058
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Revenue</b>			
Asbestos Remediation Grant	-	353	(353)
	-	353	(353)
<b>Expenses</b>			
	-	-	-
	-	-	-
<b>Net result</b>	-	353	(353)

**Impact on Statement of Financial Position (Increase/(decrease))**

	30 June 2020 AASB 1058	30 June 2020 Without adoption of AASB 1058	30 June 2020 impact of AASB 1058
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Assets</b>			
	-	-	-
	-	-	-
<b>Liabilities</b>			
Funds Received In Advance	353	-	353
	353	-	353

• **AASB 16 Leases**

AASB 16 replaces current Leases standard AASB 117 *Leases* for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases, and to account for those two types of leases differently.

The amended standard also requires enhanced disclosures to be provided by lessees. The Company has implemented this standard since 1 July 2019.

The Company's assessment has indicated that a Property Lease was brought on balance sheet. On initial recognition, The Company recognised a right of use asset and an associated lease liability of \$8.4 million on 1 July 2019 as listed below:

	<u><i>\$'000</i></u>
<b>Assets</b>	
Right-of-Use Assets Leased Properties	8,406
<b>Total assets</b>	<u><b>8,406</b></u>
<b>Liabilities</b>	
Lease Liability for Leased Properties Current	447
Lease Liability for Leased Properties Non Current	7,959
<b>Total liabilities</b>	<u><b>8,406</b></u>

## 15. EVENT AFTER THE BALANCE DATE

There are no known events after the balance date.

**End of Audited financial statements**

# Independent Auditor's Report

NSWALC Resources Pty Ltd ACN 602 043 274



To Members of the New South Wales Parliament

## Opinion

I have audited the accompanying financial statements of NSWALC Resources Pty Ltd (the Company) which comprises the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Other Information

The New South Wales Aboriginal Land Council's annual report for the year ended 30 June 2020 includes other information in addition to the Company's financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Harper  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2020  
SYDNEY

# NSWALC Resources Pty Ltd Financial Statements

For the year ended 30 June 2020

## Director's Report

The Directors of NSWALC Resources Proprietary Limited (the Company) submit herewith the Financial Statements of the Company for the year ended 30 June 2020. The director's report is as follows:

### Directors

The names of the directors of the Company at the date of the report are:

Mrs Anne Dennis (Appointed on 26 September 2014)

Mr Jonathan Wassell (Appointed on 11 June 2020)

Mr Stephen Hynd (Appointed on 11 June 2020)

The directors are Councillor and Executives of New South Wales Aboriginal Land Council (NSWALC). The directors do not hold any shares or options in the Company or any other related companies. No remuneration was paid by the Company to the directors.

### Principal Activities

The Company's principal activities are to hold shares in Paradigm Resources Pty Ltd (Paradigm).

### Changes in State of Affairs

The Company impaired the fair value of the shares it holds in Paradigm as at 30 June 2020 to one dollar. There were no other significant changes in the Company's state of affairs.

### Subsequent Events

There are no known events after the balance date.

### Future Developments

The Company may hold shares in other resources development companies in the future.

### Dividends

No dividend has been paid or declared since incorporation and the directors did not recommend the payment of a dividend in respect of the reporting year.

### Indemnification of officers

During or since the end of the year the Company has indemnified or made relevant agreements to indemnify an officer of the Company or of any related body corporate against a liability incurred by such an officer. This indemnification is effected through the Insurances of the parent organisation.

### **Service Agreement**

The directors of the Company continue as directors, as long as they are Councillor and Executives of NSWALC or until the directors are removed in the Annual General Meeting or in Extra Ordinary Shareholders' meeting by NSWALC as the shareholder of the Company.

### **Environmental Regulations**

The Company is not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory.

### **Non-Audit Services**

During the year the Auditor-General of New South Wales, as the Company's auditor, did not perform any other non- audit service to the Company.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors



Director

*Jonathan Wassell*

SYDNEY,

28 October 2020

## Statement by Members of the Board

Pursuant to Section 41C (1B) and (1C) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Directors of NSWALC Resources Pty Ltd, we declare on behalf of the Board of Directors that in our opinion:

1. The accompanying financial statements and notes exhibit a true and fair view of the financial position of NSWALC Resources Pty Ltd as at 30 June 2020 and the transactions for the year then ended.

2. The financial statements and notes have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the provisions of the *Public Finance and Audit Act 1983* and its accompanying regulations and the Treasurer's Directions issued under the Act.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or materially inaccurate.

Dated at Parramatta this 28 October 2020

Signed in accordance with a resolution of the Board of Directors.

Name: Jonathan Wassell  
Director

Name: Anne Dennis  
Director (Chair)

Signed 

Signed 



## Director's Declaration

In accordance with a resolution of the Directors of NSWALC Resources Pty Ltd we state that:

1. the attached general purpose financial statements and notes present a true and fair view of the financial position and performance of the Company at 30 June 2020 and the results of its operations and transactions of the Company for the year then ended;
2. the financial statements and notes have been prepared in accordance with the provisions of the *Corporations Act 2001*;
3. the financial statements and notes have been prepared in accordance with Australian Accounting Standards and Interpretations;
4. we are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and
5. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Dated at Parramatta this 28 October 2020

Signed in accordance with a resolution of the Board of Directors.

Name: Anne Dennis  
Director (Chair)

Signed 

Name: JONATHAN WASSER  
Director

Signed 

# Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Grant from NSWALC	9	-	120,000
<b>Total Revenue</b>		<b>-</b>	<b>120,000</b>
<b>Expenses</b>			
Audit expenses	6 (a)	4,130	4,050
ASIC annual review fees	6 (b)	267	263
Impairment of investment	14 (b)	-	11,930
Joint ventures accounted for under the equity method	13	-	108,070
<b>Total Expenses</b>		<b>4,397</b>	<b>124,313</b>
<b>Net Result</b>		<b>(4,397)</b>	<b>(4,313)</b>
<b>Total Comprehensive Income/(Losses) for the Period</b>		<b>(4,397)</b>	<b>(4,313)</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalent	5	2	2
<b>Total Current Assets</b>		<u>2</u>	<u>2</u>
<b>Non-Current Assets</b>			
Investments accounted for using the equity method	14	-	900,000
Share losses due to equity accounting	14	-	(760,357)
Impairment of investment	13 & 14	-	(139,643)
<b>Total Non-Current Assets</b>		<u>-</u>	<u>-</u>
<b>Total Assets</b>		<u>2</u>	<u>2</u>
<b>Current Liabilities</b>			
Payable to NSWALC	6	17,893	13,496
<b>Total Current Liabilities</b>		<u>17,893</u>	<u>13,496</u>
<b>Total Liabilities</b>		<u>17,893</u>	<u>13,496</u>
<b>Net Liabilities</b>		<u>(17,891)</u>	<u>(13,494)</u>
<b>Equity</b>			
Contributed equity	4	2	2
Retained earnings		(17,893)	(13,496)
<b>Total Equity</b>		<u>(17,891)</u>	<u>(13,494)</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

For the year ended 30 June 2020

	Contributed Equity	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2019	2	(13,496)	(13,494)
Comprehensive Income/(Loss)	-	(4,397)	(4,397)
Balance at 30 June 2020	2	(17,893)	(17,891)
Balance at 1 July 2018	2	(9,183)	(9,181)
Comprehensive Income/(Loss)	-	(4,313)	(4,313)
Balance at 30 June 2019	2	(13,496)	(13,494)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash Flows From Operating Activities</b>			
Grant from New South Wales Aboriginal Land Council	9	-	120,000
Returned NSWALC funding for bank account		-	-
<b>Net cash flows provided by operating activities</b>		-	120,000
<b>Cash Flows From Investing Activities</b>			
Payment for investment in Paradigm	9	-	(120,000)
<b>Net cash flows used in investing activities</b>		-	(120,000)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		-	-
<b>Opening Cash and Cash Equivalents</b>		2	2
<b>Closing Cash and Cash Equivalents</b>		2	2

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 30 June 2020

## 1. GENERAL INFORMATION

NSWALC Resources Pty Ltd (the Company) is a proprietary company incorporated on 26 September 2014 in Australia. The Company owns 50% of shares in Paradigm Resources Pty Ltd (Paradigm P/L). The Company's parent entity is the New South Wales Aboriginal Land Council (NSWALC). The address of its registered office and principal place of business are as follows:

33 Argyle Street  
Parramatta, NSW, 2150

The Company is a non-operating holding company.

The Company has assessed and formally noted its profit status for the financial year ended 30 June 2020 and determined its status as for-profit for financial reporting purposes, which is consistent with the prior year.

## 2. BASIS OF PREPARATION

### *(a) Basis of preparation*

The 'general purpose financial report' has been prepared in accordance with the recognition and measurement requirements specified by applicable Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983* (the Act), the Public Finance and Audit Regulation 2015 and the Treasurer's Directions issued under the Act.

### *(b) Basis of measurement*

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### *(c) Going Concern*

Despite the negative ratio in the reporting period, NSWALC has formally undertaken to financially support the Company to ensure it can operate as a "going concern". Therefore, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial report.

*(d) Accrual Basis*

The Company prepared its statement of comprehensive income and its statement of financial position on an accrual basis.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

*(a) Revenue Recognition*

Until 30 June 2019, the Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

From 1 July 2019, revenue is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers dependent on whether there is a contract with a customer defined by AASB 15 Revenue from Contracts with Customers.

Until 30 June 2019, Income from grants (other than contribution by owners, including donations) is recognised when the Company obtains control over the contribution. The Company is deemed to have assumed control when the grant is received or receivable. Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

From 1 July 2019, Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Company is recognised when the Company satisfies its obligations under the transfer. The Company satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The actual cost incurred is used to recognise income, because this most closely reflects the progress to completion.



Revenue from grants with sufficiently specific performance obligations is recognised as when the Company satisfies a performance obligation by transferring the promised goods.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Refer Note 5 for transaction price allocated to the performance obligations that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

Income from grants without sufficiently specific performance obligations is recognised when the Company obtains control over the granted assets (e.g. cash).

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services measured at fair value.

*(b) Expense Recognition*

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Company has benefited by receiving goods or services and the expenditure can be reliably measured.

*(c) Assets*

*(i) Cash and Cash Equivalents*

Cash on hand and in banks are stated at their principal amounts.

*(ii) Joint Venture Accounted for Using Equity Method*

Other financial assets in the joint venture entity are measured at fair value.

- *Joint Venture* NSWALC Resources Pty Ltd has a joint venture in Paradigm Resources Pty Ltd with Indigenous Energy Group Pty Ltd each having equal shareholding. The investment in Paradigm Resources Pty Ltd is accounted for in NSWALC Resources Pty Ltd using the equity method of accounting.
- *Equity Accounting* The equity method of accounting is one where the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other

comprehensive income includes its share of the investee's other comprehensive income.

(iii) *Impairment of financial assets*

All financial assets, except those measured at fair value through the profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

(d) *Liabilities – Accounts Payable*

Liabilities for trade payables and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(e) *Income Tax*

The Company is in the process of applying for tax-free status as it is fully owned by NSWALC, which is a public benevolent institution (PBI) under the *Income Tax Assessment Act 1997*. Consequently, the directors consider that no income tax is payable.

(f) *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.



#### 4. CONTRIBUTED EQUITY

##### Issued capital

	2020 Shares	2020 \$
NSWALC	2	2
	2019 Shares	2019 \$
NSWALC	2	2

#### 5. CASH AND CASH EQUIVALENT

	2020 \$
Cash and cash equivalent	2
	2019 \$
Cash and cash equivalent	2

#### 6. PAYABLE TO NSWALC

##### (a) Remuneration of Auditors

The audit fee for the Company for the year ended 30 June 2020 is \$4,130 (\$4,050 in 2018 - 19) excluding GST. The audit fee has been paid by NSWALC.

##### (b) Other Fees Paid by NSWALC

During the year, NSWALC has also paid \$267 (\$263 in 2018-19) ASIC annual review fee which is not subject to GST.

#### 7. DIRECTORS' REMUNERATION

The names of the directors of the Company since incorporation until the end of the year are:

Anne Dennis  
Jonathan Wassell  
Stephen Hynd

Aggregate income paid or payable to directors of NSWALC Resources Pty Ltd from the Company was \$Nil. The Directors of the Company are Councillor and Executives of NSWALC and as such they are remunerated by NSWALC. They perform their duties as Directors of NSWALC Resources as part of their duties as Councillor and Executives of NSWALC.

## 8. RETAINED EARNINGS

	2020	2019
	\$	\$
Retained Earnings balance at end of year	<u>(17,893)</u>	<u>(13,496)</u>

## 9. RELATED PARTY DISCLOSURES

### (a) Directors' Remuneration and Retirement Benefits

Details of directors' remuneration are disclosed in Note 7 to the financial statements.

### (b) Transactions with Other Related Parties

Other related parties include:

- Parent entity – New South Wales Aboriginal Land Council
- Joint Venture entity - Paradigm Resources Pty Ltd

## 10. SEGMENT INFORMATION

The Company operates in one geographic segment being Australia.

## 11. EMPLOYEE INFORMATION

The number of employees as at the end of the year was Nil.

## 12. NOTES TO THE STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and Cash Equivalent Balance: \$2.00

### 13. SHARES IN JOINT VENTURE

<b>Paradigm Resources Pty Ltd</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total Assets	-	342,972
Total Liabilities	-	(63,687)
<b>Net Assets</b>	-	279,285
<b>Investments Accounted for Using Equity Method</b>	-	139,463
Total Revenue	-	-
Total Expense	-	(216,141)
<b>Total Comprehensive Gain/(Loss)</b>	-	(216,141)
<b>Share of Joint Ventures' Net Profit/(Loss) Recognised</b>	-	(108,070)

Paradigm was established in November 2014 as a joint venture company between NSWALC Resources P/L and Indigenous Energy Group Pty Ltd (ACN 167 002 404).

As at 30 June 2020, Resources P/L is holding 50% of equity in Paradigm Resources Pty Ltd. There are 1,800,000 ordinary shares issued by Paradigm at \$1.00 each.

### 14. IMPAIRMENT OF INVESTMENT

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Value of Shares in Paradigm</b>	-	900,000
Increase/(Decrease) in value using equity accounting	-	(760,357)
Provision for impairment of shares	-	(139,643)
<b>Carrying Value of Shares in Paradigm</b>	-	-
<b>(b) Impairment of investment from the Profit and Loss</b>		
Grant from NSWALC	-	120,000
Joint ventures accounted for under the equity method	-	108,070
<b>Impairment of investment</b>	-	11,931

### 15. EVENT AFTER THE BALANCE DATE

There are no known events after the balance date.

# Independent Auditor's Report

NSWALC Employment & Training Limited ABN 27 634 467 244



To Members of the New South Wales Parliament and Members of NSWALC Employment and Training Limited

## Opinion

I have audited the accompanying financial statements of NSWALC Employment and Training Limited (the Company), which comprise the Directors' Declaration, the Statement of Comprehensive Income for the period 28 June 2019 to 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the period ended 30 June 2020, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the period ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 19 October 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Other Information

The Company's annual report for the period ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General for New South Wales

28 October 2020  
SYDNEY

# NSWALC Employment & Training Limited

## Financial Statements

For the period 28 June 2019 to 30 June 2020

### Directors' Report

The Directors present their report together with the financial statements of NSWALC Employment & Training Limited ("the Company") for the period 28 June 2019 to 30 June 2020.

#### General information

##### Directors

The names of the directors of NSWALC Employment & Training Limited (hereafter referred to as the Company) in office at any time during, or since the end of, the period are:

Names	Position		
Glenn Johnston	Chair	Appointed	3 <sup>rd</sup> February 2020
Mark McMillan	Deputy Chair	Appointed	3 <sup>rd</sup> February 2020
Cecilia Anthony	Director	Appointed	3 <sup>rd</sup> February 2020
Karen Cooper	Director	Appointed	3 <sup>rd</sup> February 2020
Amanda McCarthy	Director	Appointed	3 <sup>rd</sup> February 2020
Kate Russell	Director	Appointed	3 <sup>rd</sup> February 2020
James Christian	Director	Resigned	3 <sup>rd</sup> February 2020
Jonathan Wassell	Director	Resigned	3 <sup>rd</sup> February 2020
Yuseph Dean	Director	Resigned	3 <sup>rd</sup> February 2020

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

#### Principal Activities

The New South Wales Aboriginal Land Council has established a new subsidiary, NSWALC Employment and Training Ltd (NET). A company limited by guarantee with NSWALC as its sole member, NET's mission is to increase the number of Aboriginal people achieving economic independence through improved access to training and jobs in growth industries. Its initial focus is on delivering Commonwealth funded Vocational Training and Employment Centres (VTEC) services in the Sydney and Illawarra regions of NSW.

VTEC is delivered by an all Aboriginal team of mentors to connect Indigenous job seekers to a guaranteed job. Mentors work closely with job seekers to overcome barriers to employment and provide a personalised service to build resilience and achieve successful employment. The team works with service providers to support job seekers to build vocational and non-vocational capabilities. It also works closely with employers of all sizes across diverse industries to broker suitable jobs and create culturally safe workplaces for Indigenous employees.

NET plans to develop a suite of service packages and enter into regional and local partnerships with businesses and training organisations designed to support Aboriginal people to secure and stay in employment.

#### State of affairs

Apart from the matters referred to above, there were no other significant changes in the state of affairs of the Company that occurred during the period.

#### Events subsequent to reporting date

No matters or circumstances have arisen since the end of the period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Likely developments**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**Meetings of directors**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the period are:

Director	Number Eligible to Attend	Number Attended
Glenn Johnston	6	6
Mark McMillan	6	4
Cecilia Anthony	6	5
Karen Cooper	6	6
Amanda McCarthy	6	6
Kate Russell	6	6
James Christian	0	0
Jonathan Wassell	0	0
Yuseph Dean	0	0

**Auditor's independence declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 5 and forms part of the directors' report for the period ended 30 June 2020.

**Indemnification and insurance of directors and officer**

New South Wales Aboriginal Land Council holds an insurance policy that covers subsidiaries and related bodies corporate.

Signed in accordance with a resolution of the Board of Directors:



Director



Director

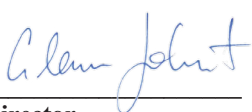
Date: 22/10/2020

## Statement by Directors

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in our opinion:

- The accompanying financial statements are in accordance with the *Corporations Act 2001* and exhibit a true and fair view of the financial position, financial performance, cash flows and notes of NSWALC Employment & Training Limited for the period between 28 June 2019 to 30 June 2020.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
- At the date of this statement, there are reasonable grounds to believe that the NSWALC Employment & Training Limited will be able to pay its debts as and when they fall due.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



**Director**



**Director**

22/10/2020

**Date**

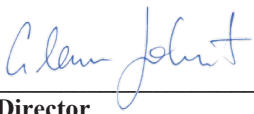


## Directors' Declaration

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of NSWALC Employment & Training Limited for the period between 28 June 2019 to 30 June 2020 and financial performance for the period then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- The financial statements have also been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

  
\_\_\_\_\_  
**Director**

  
\_\_\_\_\_  
**Director**

22/10/2020  
**Date**

# Statement of comprehensive income

For the period 28 June 2019 to 30 June 2020

	Note	2020 \$
<b>Income</b>		
Revenue from grants	8	550,698
Rebates Received		27,025
Other Revenue		8,231
Other Comprehensive Income		-
<b>Total Revenue from continuing operations</b>		<b>585,954</b>
<b>Expenditure</b>		
Accountancy expenses		(7,866)
Auditors' remuneration		(6,000)
Employee benefits expenses	9	(179,459)
Other expenses		(27,562)
<b>Total expenses from continuing operations</b>		<b>220,887</b>
<b>Surplus/(Deficit) from continuing operations before income tax expense</b>		<b>365,067</b>
Income Tax Expense		-
<b>Surplus/(Deficit) from continuing operations after tax expense</b>		<b>365,067</b>
<b>Total Comprehensive Income</b>		<b>365,067</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of financial position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	417,013	-
Trade and other receivables	3	84,096	-
<b>TOTAL CURRENT ASSETS</b>		<b>501,109</b>	-
<b>TOTAL ASSETS</b>		<b>501,109</b>	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	119,960	-
Provisions	10	16,082	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>136,042</b>	-
<b>TOTAL LIABILITIES</b>		<b>136,042</b>	-
<b>NET ASSETS (LIABILITIES)</b>		<b>365,067</b>	-
<b>EQUITY</b>			
Retained earnings	12	365,067	-
<b>TOTAL EQUITY</b>		<b>365,067</b>	-

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of changes in equity

For the period 28 June 2019 to 30 June 2020

	2020 \$ Retained Earnings	2019 \$ Retained Earnings
Total equity at the beginning of the period	-	-
Surplus/(Deficit) for the period	365,067	-
Total equity at the end of the period	365,067	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of cash flows

For the period 28 June 2019 to 30 June 2020

	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from sponsors	495,000	-
Receipts from customers	22,379	-
Payments to suppliers and employees	(100,363)	-
Bank fees paid	(3)	-
<b>Net cash provided by operating activities</b>	<u>417,013</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>		
	-	-
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash held	417,013	-
Cash and cash equivalent at the beginning of the period	-	-
Cash and cash equivalent at the end of the period	<u>417,013</u>	<u>-</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Financial Statements

For the period 28 June 2019 to 30 June 2020

## 1. REPORTING ENTITY

NSWALC Employment & Training Limited is a controlled entity of New South Wales Aboriginal Land Council. NSWALC is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*.

NSWALC Employment & Training Limited is a not-for-profit entity and was designed to mobilise the Aboriginal workforce and support them to obtain the necessary training to obtain employment in the infrastructure construction and aged care and disability services sectors.

NSWALC Employment & Training Limited is a reporting entity.

## BASIS OF PREPARATION

### (a) *Basis of preparation of accounts*

The financial statements of the Company are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- The *Corporations Act 2001* including applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015* and Treasurer's Directions issued under the Act; and
- The *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)*.

### (b) *Statement of compliance*

The Company complied with the legislative requirements and other authoritative pronouncements stated under the 'Basis of preparation of accounts' throughout the period in the preparation and the final presentation of the Financial Statements.

### (c) *Profit status of the Company*

The Company has assessed and formally noted its profit status for the period between 28 June 2019 to 30 June 2020 and determined its status as not-for-profit for financial reporting purposes. The Company has been granted income tax exemption with the Australian Taxation Office.

### (d) *Basis of measurement*

The financial statements have been prepared on the historical cost basis.

### (e) *Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Company's functional currency.

*(f) Critical estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the period between 28 June 2019 to 30 June 2020, there were no significant estimates, judgements or assumptions made in preparation of the Financial Statements.

	2020 \$	2019 \$
<b>2 Cash and Cash Equivalents</b>		
Cash at Bank	417,013	-
<b>Reconciliation of cash</b>		
Cash and Cash equivalents reported in the cash flow statement are reconciled to the equivalent items in the balance sheet as follows:		
Cash at bank	417,013	-
<b>3 Trade and Other Receivables</b>		
Amounts Receivable - Related Entity	57,071	-
Rebates Receivable – Australian Taxation Office	27,025	-
	84,096	-
<b>4 Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors	17,507	-
Other Creditors	9,966	-
Accrued Expenses	68,994	-
Wages Payable	23,493	-
	119,960	-



## 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

### (a) *Revenue recognition*

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

#### (i) Grants

The Company received grants from State/Commonwealth Government or third parties. Grant income is to be recognised in accordance with applicable accounting standards. Where the terms of the grant agreement fall under AASB 1058 *Income of Not-for-Profit Entities*, Grant income is recognised when received or receivable.

### (b) *Expenses*

All expenses incurred on an accrual basis are recognised as expenditure for the period to the extent that the Company has benefited by receiving goods or services and the expenditure can be reliably measured.

#### (i) Employee expenses

Employee expenses include salaries and wages for the period, workers compensation insurance premium for the period, 9.50% defined contribution superannuation incurred for employees. Annual leave and long service leave expenses are charged as stated in Note 5 (d) (ii).

#### (ii) Insurance expenses

The Company holds via New South Wales Aboriginal Land Council insurance policies covering subsidiaries and related bodies corporate insurance covering property, public liability, workers compensation and other contingencies. After analysing the insurable risks, the Company has taken necessary insurance cover against these risks. The premium is determined by the Insurer.

### (c) *Assets*

#### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Company has no bank overdrafts.

(ii) Receivables

Receivables include other receivables. Other receivables (including loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**Recognition and Measurement**

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component or with no stated interest rate are measured at the transaction price, being the original invoice amount, as the effect of discounting is immaterial.

(d) *Liabilities*

(i) Payables

These amounts represent liabilities for goods and services provided to the Company. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

- Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that are expected to be due wholly within twelve months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at nominal amount based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not wholly expected to be settled within twelve months and is measured at present value in accordance with AASB 119 *Employee Benefits*.

- Other Provisions

Other provisions exist when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(e) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except when:

- The amount of GST incurred by the Company as a purchaser which is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

*(f) Tax exemptions*

The Company is a Public Benevolent Institution (PBI) under the *Income Tax Assessment Act 1997*. Therefore, the Company is exempt from income tax from date of incorporation. The Company is also exempt from the Payroll Tax under *Payroll Tax Act 2007*.

*(g) New Australian Accounting Standards effective for the first time in the current period*

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities**

AASB 15 and AASB 1058, which mandatorily apply for the Company from 28 June 2019, will affect all entities providing goods or services under contract arrangements, especially those offering bundled products and services. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The Company received grants from State/Commonwealth Government or third parties. Grant income is to be recognised in accordance with applicable accounting standards.

**AASB 16 Leases**

AASB 16 replaces current Leases standard AASB 117 Leases for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessors continue to classify leases as operating or finance leases, and to account for those two types of leases differently.

The amended standard also requires enhanced disclosures to be provided by lessees. The Company has not entered into any leases during this period therefore the application of this standard is not necessary.

*(h) New Australian Accounting Standards issued but not yet effective*

At the date of authorisation of the financial statements, the Standards and Interpretations listed in Note 13 were issued but not yet effective. NSW Treasury has mandated not to early adopt any of the new Standards / Interpretations through Treasury Circular.

## **6. DETERMINATION OF FAIR VALUES**

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used, maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Company categorises, for disclosure purposes, the valuation techniques based on the inputs grouped into three levels of fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Company can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(i) Other receivables

The fair value of other receivables is based on the net realisable value after considering any possible risks of impairment. All other receivables, after impairment, are expected to be received within a short period of time and considered as fair values.

(ii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and considered as fair values.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the asset or liability.

## 7. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk and their management of capital. Further quantitative disclosures are included through these financial statements.

### *Risk Management Framework*

The Company's principal financial instruments comprise of cash and short term deposits. The main purpose of these financial instruments is to fund the Company's operations and its future sustainability. The Company has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Credit Risk*

Credit risk is the risk of financial loss to the Company if a Company's debtor or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets of the Company, including cash, receivables and term deposits. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the monthly average cash rate. It is the Company's practice to deal with banks with the highest ratings. The Company monitors the financial stability of the banks that hold its funds, by reviewing the credit rating of the banks and compliance with the Company's policies.

(ii) Receivables

The Company's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Company has statutory debts and other debts.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company continuously manages the risk through monitoring and planning future cash flows and (maturities planning) to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies.

The liquidity risk that might arise from various classes of financial assets held by the Company and its management is explained under the credit risk of each class of financial asset.

During the current period, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Company's exposure to liquidity risk is deemed insignificant based on a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular (NSWTC11-12 *Payment of Accounts*). If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSWTC11-12 allows the Minister to award interest for late payment. No interest was paid during the period.

(c) *Operational Risk*

The Company manages its operational risk which mainly affects the Aboriginal community as part of the risk management strategy which includes political, culture and heritage, social, environmental and economic risks. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Company's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Company's reputation with overall cost effectiveness and to avoid control procedures to comply with legislative requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and managers within each business unit. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic reporting to senior management, relevant committees and the Company;
- Training and professional development; and
- Risk mitigation, including insurance where this is effective.

## 8. GRANTS & CONTRIBUTIONS

	2020 \$	2019 \$
Grants from Government and Non-Government Agencies	550,698	-
	<b>550,698</b>	<b>-</b>

Grants received include \$495,000 net of GST from a related entity – New South Wales Aboriginal Land Council.

## 9. EMPLOYEES BENEFITS EXPENSES

	2020 \$	2019 \$
Provision for Annual Leave	5,922	-
Staff Training	850	-
Superannuation	13,226	-
Wages	156,452	-
Workers Compensation Insurance	3,010	-
	<b>179,460</b>	<b>-</b>

## 10. PROVISIONS

	2020 \$	2019 \$
<b>Current Employee benefits and related on-costs</b>		
Provision for Annual Leave	16,082	-
	<b>16,082</b>	<b>-</b>

## 11. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	2020 \$	2019 \$
<b>Operating Surplus/(Deficit) from Ordinary Activities</b>	365,067	-
<b>Other Changes in Assets and Liabilities in respect of Ordinary Activities</b>		
Increase/(Decrease) in Leave and Other Provisions	16,083	-
Decrease/(Increase) in Receivables	(84,096)	-
Increase/(Decrease) in Creditors	119,959	-
<b>Net Cash Inflows from Ordinary Activities</b>	<b>417,013</b>	<b>-</b>

## 12. RETAINED EARNINGS

Retained Earnings at the Beginning of the period	-	-
Add: Profit for the current period	365,067	-
<b>Retained Earnings at the End of the period</b>	<b>365,067</b>	<b>-</b>

## 13. FINANCIAL INSTRUMENTS

The carrying amounts of the Company's principal financial instruments are outlined below. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Financial Instrument Categories

As at 30 June 2020 under AASB 9

Financial Assets	Note	Category	Carrying Amount
<b>Class:</b>			
Cash and Cash Equivalents	2	N/A	417,013
Receivables	3	Amortised cost	57,071
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>
<b>Class:</b>			
Payables	4	Financials liabilities measured at amortised cost	17,506

### (b) Credit Risk

The Company's maximum exposure to credit risk at the reporting date was:

- (i) Receivables – Debtors

#### Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Collectability of trade debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The table below summarises the maturity profile of the Company's financial liabilities, together with the interest rate exposure.

<i>Maturity analysis and interest rate exposure of financial liabilities</i>					
	<b>Interest Rate Exposure</b>		<b>Maturity Dates</b>		
	<b>Nominal Amount</b>	<b>Non-interest Bearing</b>	<b>&lt;1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2020</b>					
Payables	17,506	17,506	17,506	-	-
	<b>17,506</b>	<b>17,506</b>	<b>17,506</b>	-	-

**(d) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of the holdings of financial instruments

**(i) Interest rate risk**

	<b>Carrying Amount</b>	<b>-1% Profit</b>	<b>Equity</b>	<b>+1% Profit</b>	<b>Equity</b>
<b>2020</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	417,013	- 4,170	412,843	4,170	421,183

**14. RELATED PARTY DISCLOSURES**

The Company's key management personnel (KMP) compensation are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits:		
Salaries & Superannuation	22,508	-
<b>Total Remuneration</b>	<b>22,508</b>	-

KMP includes the directors.

During the period, the Company did not enter into transactions on arm's length terms and conditions with KMP, their close family members and controlled or jointly controlled entities thereof.



## 15. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting period. The Company did not early adopt these Accounting Standards and Interpretations that are not yet effective. It is not expected that these changes will have a material impact on comparative and future year results.

Standard/Interpretation /Interpretation	Issue Date	Operative Date
AASB 17 <i>Insurance Contracts</i>	Jul/2017	01/Jan/2021
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Oct/2018	01/Jan/2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	Dec/2018	01/Jan/2020
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	May/2019	01/Jan/2020
AASB 2019-2 <i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i>	Sep/2019	01/Jan/2020
AASB 2019-3 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i>	Oct/2019	01/Jan/2020
AASB 2019-7 <i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GA AP/GFS Reconciliations</i>	Dec/2019	01/Jan/2020
AASB 2019-8 <i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases</i>	Dec/2019	01/Jan/2020
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	Mar/2020	01/Jan/2022
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)</i>	Mar/2020	01/Jul/2021

## 16. EVENT AFTER THE BALANCE DATE

There are no known events after the balance date.

**End of Audited Financial Statement**

# Independent Auditor's Report

NSWALC Housing Limited ABN 63 631 178 848



To Members of the New South Wales Parliament and Members of NSWALC Housing Limited

## Opinion

I have audited the accompanying financial statements of NSWALC Housing Limited (the Company), which comprise the Directors' Declaration, the Statement of Comprehensive Income for the period between 23 January 2019 to 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the period ended 30 June 2020, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the period ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 22 October 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Other Information

The Company's annual report for the period ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General for New South Wales

30 October 2020  
SYDNEY

# NSWALC Housing Limited Financial Statements

For the period 23 January 2019 to 30 June 2020

## Directors' Report

The Directors present their report together with the financial statements of NSWALC Housing Limited ("the Company") for the period between 23 January 2019 to 30 June 2020.

### General information

#### Directors

The names of the directors of NSWALC Housing Limited (hereafter referred to as the Company) in office at any time during, or since the end of the year are:

Names	Position		
Michelle Craig	Chair	Appointed	3 <sup>rd</sup> Feb 2020
Matt Clarke	Deputy Chair	Appointed	3 <sup>rd</sup> Feb 2020
Renee Thomson	Director	Appointed	3 <sup>rd</sup> Feb 2020
Barry Mann	Director	Appointed	3 <sup>rd</sup> Feb 2020
Duane Keighran	Director	Appointed	3 <sup>rd</sup> Feb 2020
Michael Gannon	Director	Appointed	3 <sup>rd</sup> Feb 2020
Mike Allen	Director	Appointed	3 <sup>rd</sup> Feb 2020
James Christian	Director	Resigned	3 <sup>rd</sup> Feb 2020
Jonathan Wassell	Director	Resigned	3 <sup>rd</sup> Feb 2020
Yuseph Dean	Director	Resigned	3 <sup>rd</sup> Feb 2020

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

#### Principal Activities

New South Wales Aboriginal Land Council (NSWALC) has established a new subsidiary entity, NSWALC Housing Ltd (NHL), to deliver significant improvements in housing outcomes for Aboriginal people in NSW. It will increase the housing available to Aboriginal people, expand the delivery of culturally sensitive services, and create opportunities for Aboriginal people to participate in the service delivery, management and governance of social and affordable housing in NSW. Working with the Land Council Network to leverage the diverse strengths of Aboriginal communities and cultures, NHL's ambitious growth agenda includes a target of managing up to 6,000 properties by 2028.

#### State of affairs

Apart from the matters referred to above, there were no other significant changes in the state of affairs of the Company that occurred during the period.

#### Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**Meetings of directors**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Number Eligible to Attend	Number Attended
Michelle Craig	4	4
Matt Clarke	4	4
Renee Thomson	4	3
Barry Mann	4	4
Duane Keighran	4	4
Michael Gannon	4	4
Mike Allen	4	4
James Christian	3	3
Jonathan Wassell	3	3
Yuseph Dean	3	3

**Auditor's independence declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 5 and forms part of the directors' report for the period between 23 January 2019 to 30 June 2020.

**Indemnification and insurance of directors and officer**

New South Wales Aboriginal Land Council holds an insurance policy that covers subsidiaries and related bodies corporate.

Signed in accordance with a resolution of the Board of Directors:

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

28 OCTOBER 2020  
Date

## Statement by Directors

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we state that in our opinion:

- The accompanying financial statements are in accordance with the *Corporations Act 2001* and exhibit a true and fair view of the financial position, financial performance, cash flows and notes of NSWALC Housing Limited for the period between 23 January 2019 to 30 June 2020.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions.
- At the date of this statement, there are reasonable grounds to believe that the NSWALC Housing Limited will be able to pay its debts as and when they fall due.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

28 OCTOBER 2020  
Date

## Directors' Declaration

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of NSWALC Housing Limited for the period between 23 January 2019 to 30 June 2020 and financial performance for the period then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- The financial statements have also been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:



Director



Director

28 OCTOBER 2020

Date

# Statement of comprehensive income

For the period 23 January 2019 to 30 June 2020

	Note	2020 \$
<b>Income</b>		
Revenue from grants	8	505,597
Other Comprehensive Income		-
<b>Total revenue from continuing operations</b>		<b>505,597</b>
<b>Expenditure</b>		
Auditors' remuneration	9	(6,000)
Employee benefits expenses	10	(43,632)
Other expenses	11	(38,100)
<b>Total expenses from continuing operations</b>		<b>(87,732)</b>
<b>Surplus/(Deficit) from continuing operations before income tax expense</b>		<b>417,865</b>
Income Tax expense		-
<b>Surplus/(Deficit) from continuing operations after expense tax expense</b>		<b>417,865</b>
<b>Total Comprehensive Income</b>		<b>417,865</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



# Statement of financial position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	495,000	-
Trade and other receivables	3	49,500	-
<b>TOTAL CURRENT ASSETS</b>		<u>544,500</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>544,500</u>	<u>-</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	125,532	-
Provisions	12	1,103	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>126,635</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>126,635</u>	<u>-</u>
<b>NET ASSETS (LIABILITIES)</b>		<u>417,865</u>	<u>-</u>
<b>EQUITY</b>			
Retained earnings		<u>417,865</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>417,865</u>	<u>-</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of changes in equity

For the period 23 January 2019 to 30 June 2020

	2020 \$	2019 \$
	Retained Earnings	Retained Earnings
Total equity at the beginning of the period	-	-
Surplus/(Deficit) for the period	417,865	-
Total equity at the end of the period	417,865	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of cash flows

For the period 23 January 2019 to 30 June 2020

	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Grants	495,000	-
<b>Net cash provided by operating activities</b>	<b>495,000</b>	-
<b>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>		
	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
Net Increase/(Decrease) in cash held	495,000	-
Cash and cash equivalent at the beginning of the period	-	-
Cash and cash equivalent at the end of the period	<b>495,000</b>	<b>-</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Financial Statements

For the period 23 January 2019 to 30 June 2020

## 1. REPORTING ENTITY

NSWALC Housing Limited is a controlled entity of New South Wales Aboriginal Land Council. NSWALC is a Statutory Body constituted by the *Aboriginal Land Rights Act 1983*.

NSWALC Housing Limited is a not-for-profit entity and was designed to increase the housing options including the supply of social and affordable housing for Aboriginal people.

NSWALC Housing Limited is a reporting entity.

## BASIS OF PREPARATION

### (a) *Basis of preparation of accounts*

The financial statements of the Company are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- The *Corporations Act 2001* including applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* (the Act), the *Public Finance and Audit Regulation 2015* and Treasurer's Directions issued under the Act; and
- The *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)*.

### (b) *Statement of compliance*

The Company complied with the legislative requirements and other authoritative pronouncements stated under the 'Basis of preparation of accounts' throughout the period in the preparation and the final presentation of the Financial Statements.

### (c) *Profit status of the Company*

The Company has assessed and formally noted its profit status for the period between 23 January 2019 to 30 June 2020 and determined its status as not-for-profit for financial reporting purposes. The Company has been granted income tax exemption with the Australian Taxation Office.

### (d) *Basis of measurement*

The financial statements have been prepared on the historical cost basis.

### (e) *Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Company's functional currency.

### (f) *Critical estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the period between 23 January 2019 to 30 June 2020, there were no significant estimates, judgements or assumptions made in preparation of the Financial Statements.

	2020 \$	2019 \$
<b>2 Cash and Cash Equivalents</b>		
Cash at Bank	495,000	-
<b>Reconciliation of cash</b>		
Cash and Cash equivalents reported in the cash flow statement are reconciled to the equivalent items in the balance sheet as follows:		
Cash at bank	495,000	-
<b>3 Trade and Other Receivables</b>		
Amounts Receivable - Related Entity	49,500	-
	49,500	-
<b>4 Trade and Other Payables</b>		
<b>Current</b>		
Trade Creditors	53,017	-
Other Creditors	3,535	-
Wages Payable	17,124	-
Accrued Expenses	51,856	-
	125,532	-

## 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

### (a) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

#### (i) Grants

The Company receives grants from State/Commonwealth Government or third parties. Grant income is to be recognised in accordance with applicable accounting standards. Where the terms of the grant agreement fall under AASB 1058 *Income of Not-for-Profit Entities*, Grant income is recognised when received or receivable.

*(b) Expenses*

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Company has benefited by receiving goods or services and the expenditure can be reliably measured.

*(i) Employee expenses*

Employee expenses include salaries and wages for the year, workers compensation insurance premium for the year, 9.50% defined contribution superannuation incurred for employees. Annual leave and long service leave expenses are charged as stated in Note 5 (d) (ii).

*(ii) Insurance expenses*

The Company holds via New South Wales Aboriginal Land Council insurance policies covering subsidiaries and related bodies corporate insurance covering property, public liability, workers compensation and other contingencies. After analysing the insurable risks, the Company has taken necessary insurance cover against these risks. The premium is determined by the Insurer.

*(c) Assets*

*(i) Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Company has no bank overdrafts.

*(ii) Receivables*

Receivables include other receivables. Other receivables (including loans) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**Recognition and Measurement**

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component or with no stated interest rate are measured at the transaction price, being the original invoice amount, as the effect of discounting is immaterial.

*(d) Liabilities*

*(i) Payables*

These amounts represent liabilities for goods and services provided to the Company. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee Benefits and Other Provisions

- Salaries and Wages, Annual Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave that are expected to be due wholly within twelve months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at nominal amount based on the amounts expected to be paid when the liabilities are settled.

Annual leave is not wholly expected to be settled within twelve months and is measured at present value in accordance with AASB 119 *Employee Benefits*.

- Other Provisions

Other provisions exist when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(e) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except when:

- The amount of GST incurred by the Company as a purchaser which is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office are classified as operating cash flows.

(f) *Tax exemptions*

The Company is a Public Benevolent Institution (PBI) under the *Income Tax Assessment Act 1997*. Therefore, the Company is exempt from income tax from date of incorporation. The Company is also exempt from the Payroll Tax under *Payroll Tax Act 2007*.

(g) *New Australian Accounting Standards effective for the first time in the current financial year*

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities***

AASB 15 and AASB 1058, which mandatorily apply for the Company from 23 January 2019, will affect all entities providing goods or services under contract arrangements, especially those offering bundled products

and services. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

(h) *New Australian Accounting Standards issued but not yet effective*

At the date of authorisation of the financial statements, the Standards and Interpretations listed in Note 13 were issued but not yet effective. NSW Treasury has mandated not to early adopt any of the new Standards / Interpretations through Treasury Circular.

## 6. DETERMINATION OF FAIR VALUES

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used, maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The Company categorises, for disclosure purposes, the valuation techniques based on the inputs grouped into three levels of fair value hierarchy as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the Company can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(i) Other receivables

The fair value of other receivables is based on the net realisable value after considering any possible risks of impairment. All other receivables, after impairment, are expected to be received within a short period of time and considered as fair values.

(ii) Trade and other payables

Trade and other payables are expected to be paid within a short period of time and considered as fair values.

When applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to the asset or liability.

## 7. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from the use of financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk
- d. Operational risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk and their management of capital. Further quantitative disclosures are included through these financial statements.



### *Risk Management Framework*

The Company's principal financial instruments comprise of cash and short term deposits. The main purpose of these financial instruments is to fund the Company's operations and its future sustainability. The Company has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Company reviews and agrees policies for managing each of these risks and they are summarised below.

#### *(a) Credit Risk*

Credit risk is the risk of financial loss to the Company if a Company's debtor or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets of the Company, including cash and receivables. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

##### *(i) Cash*

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the monthly average cash rate. It is the Company's practice to deal with banks with the highest ratings. The Company monitors the financial stability of the banks that hold its funds, by reviewing the credit rating of the banks and compliance with the Company's policies.

##### *(ii) Receivables*

The Company's exposure to credit risks is influenced mainly by the individual characteristics of each debtor. The Company has statutory debts and other debts.

#### *(b) Liquidity Risk*

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company continuously manages the risk through monitoring and planning future cash flows and (maturities planning) to ensure adequate holding of liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies.

The liquidity risk that might arise from various classes of financial assets held by the Company and its management is explained under the credit risk of each class of financial asset.

During the current period, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Company's exposure to liquidity risk is deemed insignificant based on a current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular (NSWTC11-12 *Payment of Accounts*). If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. NSWTC11-12 allows the Minister to award interest for late payment. No interest was paid during the year.

#### *(c) Operational Risk*

The Company manages its operational risk which mainly affects the Aboriginal community as part of the risk management strategy which includes political, culture and heritage, social, environmental and economic risks. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the Company's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Company's reputation with overall cost effectiveness and to avoid control procedures to comply with legislative requirements.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and managers within the business. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic reporting to senior management, relevant committees and the Company;
- Training and professional development; and
- Risk mitigation, including insurance where this is effective.

## 8. GRANTS & CONTRIBUTIONS

	2020 \$	2019 \$
Grants from Government and Non-Government Agencies	505,597	-
	<u>505,597</u>	<u>-</u>

Grants received include \$495,000 net of GST from a related entity – New South Wales Aboriginal Land Council.

## 9. AUDITORS' REMUNERATION

	2020 \$	2019 \$
Audit Office of New South Wales – Annual Audit Plan	6,000	-

## 10. EMPLOYEE BENEFITS EXPENSES

	2020 \$	2019 \$
Annual Leave Provision	1,103	-
Staff Amenities	28	-
Superannuation	3,535	-
Workers Compensation Insurance	1,761	-
Wages	37,205	-
	<u>43,632</u>	<u>-</u>

## 11. OTHER EXPENSES

	2020 \$	2019 \$
Consultants Fees	23,602	-
Computer Expenses	9,242	-
Office Expenses	1,296	-
Program Expenses	1,675	-
Telephone	1,571	-
Travelling Expenses	714	-
	<u>38,100</u>	<u>-</u>

## 12. PROVISIONS

	2020 \$	2019 \$
<b>Current Employee benefits and related on-costs</b>		
Provision for Annual Leave	1,749	-
	<u>1,749</u>	<u>-</u>

## 13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET SURPLUS

	2020 \$	2019 \$
<b>Operating Surplus/(Deficit) from Ordinary Activities</b>	417,865	-
<b>Other Changes in Assets and Liabilities in respect of Ordinary Activities</b>		
Increase/(Decrease) in Leave and Other Provisions	73,618	-
Decrease/(Increase) in Receivables	(49,500)	-
Increase/(Decrease) in Payables	53,017	-
<b>Net Cash Inflows from Ordinary Activities</b>	<u>495,000</u>	<u>-</u>

## 14. FINANCIAL INSTRUMENTS

The carrying amounts of the Company's principal financial instruments are outlined below. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Financial Instrument Categories

As at 30 June 2020 under AASB 9

Financial Assets	Note	Category	Carrying Amount
<b>Class:</b>			
Cash and Cash Equivalents	2	N/A	495,000
Receivables	3	Amortised cost	49,500
<b>Financial Liabilities</b>	<b>Note</b>	<b>Category</b>	<b>Carrying Amount</b>
<b>Class:</b>			
Payables	4	Financials liabilities measured at amortised cost	53,017

### (a) Credit Risk

The Company's maximum exposure to credit risk at the reporting date was:

#### (i) Receivables – Debtors

#### Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Collectability of trade debtors is reviewed on an ongoing basis. Procedures were established to recover outstanding amounts, including letters of demand.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days past due.

The table below summarises the maturity profile of the Company's financial liabilities, together with the interest rate exposure.

<i>Maturity analysis and interest rate exposure of financial liabilities</i>					
	Interest Rate Exposure		Maturity Dates		
	Nominal Amount	Non-interest Bearing	<1 year	1-5 years	>5 years
<b>2020</b>					
Payables	53,017	53,017	53,017	-	-
	<b>53,017</b>	<b>53,017</b>	<b>53,017</b>	-	-

(b) **Market risk**

(i) Interest rate risk

The table below summarises the Financial Assets of the company together with the potential impact of an increase or decrease in interest rate.

	Carrying Amount	-1% Profit	Equity	+1% Profit	Equity
<b>2020</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	495,000	- 4,950	490,050	4,950	499,950

## 15. RELATED PARTY DISCLOSURES

The Company's key management personnel (KMP) compensation are as follows:

	2020 \$	2019 \$
Short-term employee benefits:		
Salaries & Superannuation	25,885	-
<b>Total Remuneration</b>	<b>25,885</b>	<b>-</b>

KMP includes the directors.

During the year, the Company did not enter into transactions on arm's length terms and conditions with KMP, their close family members and controlled or jointly controlled entities thereof.

## 16. CHANGES TO ACCOUNTING STANDARDS

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period. The Company did not early adopt these Accounting Standards and Interpretations that are not yet effective. It is not expected that these changes will have a material impact on comparative and future year results.

Standard/Interpretation /Interpretation	Issue Date	Operative Date
AASB 17 <i>Insurance Contracts</i>	Jul/2017	01/Jan/2021
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	Oct/2018	01/Jan/2020
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	Dec/2018	01/Jan/2020
AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	May/2019	01/Jan/2020
AASB 2019-2 <i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i>	Sep/2019	01/Jan/2020
AASB 2019-3 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform</i>	Oct/2019	01/Jan/2020
AASB 2019-7 <i>Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GA AP/GFS Reconciliations</i>	Dec/2019	01/Jan/2020
AASB 2019-8 <i>Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases</i>	Dec/2019	01/Jan/2020
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	Mar/2020	01/Jan/2022
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)</i>	Mar/2020	01/Jul/2021

## 17. EVENT AFTER THE BALANCE DATE

There are no known events after the balance date.

## Travel expenses 2019–2020

### Councillor domestic travel expenses

Councillor	Direct travel expenses			Accommodation/meals allowance			Total expenses
	Regional	NSWALC	Total	Regional	NSWALC	Total	
	\$	\$	\$	\$	\$	\$	\$
G Toomey	47	1,829	1,876	–	3,608	3,608	5484
P Smith	218	567	785	6,713	11,864	18,577	19,362
A Dennis	780	10,430	11,210	2,321	16,648	18,969	30,179
C Lynch	19	9,244	9,263	1,758	10,957	12,715	21,978
D Chapman	359	2,192	2,551	5,239	7,949	13,188	15,739
A Wright	570	298	868	815	4,465	5,280	6148
R Hampton	0	5,221	5,221	2,834	5,902	8,736	13,957
L Hampton	478	1,800	2,278	6,109	14,279	20,388	22,666
D Donnelly	223	2,775	2,998	500	8,642	9,142	12,140
T Williams*	122	1,905	2,027	328	5,798	6,126	8,153
T Malone*	187	40	227	307	1,085	1,392	1,619
W Murray*	–	–	–	1,214	1,842	3,056	3,056
C Cromelin*	7	–	7	5,441	8,836	14,277	14,284
<b>Total</b>	<b>2,694</b>	<b>34,356</b>	<b>37,050</b>	<b>26,289</b>	<b>84,314</b>	<b>110,603</b>	<b>147,653</b>

\* Former Councillors

### Councillor overseas travel expenses

Date	Name	Meeting	Location	\$
15–19 July 2019	Charles Lynch Tina Williams James Christian Max Edwards	12th session of Expert Mechanism on the Rights of Indigenous Peoples (EMRIP)	Geneva Switzerland	55,950
12–14 Sep 2019	James Christian	13th Australia New Zealand Leadership Forum (ANZLF)	Auckland New Zealand	4201

## Consultants fees 2019–2020

Consultant/project type	Project/number	\$
<b>Projects \$50,000+</b>		
Mercer Investments (Aust) Ltd	Investment consulting services	338,629
KPMG	Evaluation of the viability of the SEFA shareholding	80,000
Mercer Consulting (Aust) Ltd	Assistance in the design, development and implementation of a new classification framework and remuneration structure	65,987
Cox Inall Ridgeway	Delivery of community engagement activities, findings, workshop and draft report	63,720
Watermark Search International P/L	Completion fee for Chair and Board Member positions	62,667
<b>Total projects \$50,000+</b>		<b>611,004</b>
<b>Projects &lt;\$50,000</b>		
Business development	17	
Business improvement	1	
Recruitment services	2	
Investment	1	
Resource development	1	
Land and properties	1	
<b>Total projects &lt;\$50,000</b>	<b>23</b>	<b>495,161</b>
<b>Total all consultants fees</b>		<b>1,106,165</b>

## Grants paid in 2019–2020

### Major grants >\$5000

Payee	Description	\$
NSWALC Community Fund Account	NSWALC share to ComFund account for levies received from Revenue NSW	253,778
NSWALC Employment & Training Ltd	Supporting the start-up for NSWALC Employment & Training Ltd	539,148
NSWALC Housing Ltd	Supporting the start-up for NSWALC Housing Ltd	505,597
Saltwater Freshwater Arts Alliance	Supporting Saltwater Freshwater Festival 2020	35,000
Tamworth LALC	Supporting Aboriginal Cultural Showcase 2020	25,000
Moogahlin Performing Arts Incorporated	Supporting Baiaime's Ngunnhu Festival 2020	10,000
Firesticks Alliance Indigenous Corporation	Supporting NSW Aboriginal participants to attend National Indigenous Fire Workshop 2020	25,000
Lloyd Mcdermott Rugby Development Team Inc	Supporting 2020 Ella 7s event	10,000
Diz Footprints Aboriginal Learning Centre	Supporting the 40th Anniversary NSW Aboriginal Golf Championship	10,000
Newcastle All Blacks Rugby League Football Club	Supporting NSW Annual Aboriginal Rugby League Knockout 2019	80,000
Ngambaga Bindarry Girrwa Community Services	Supporting the Elders Olympics 2020	30,000
Walgett LALC	Supporting the remaining Araluen Block subdivision work	26,714
NSWALC Fishing Fund account	Supporting the growth and development of the NSW Aboriginal Fishing industry	125,737
<b>Total major grants</b>		<b>1,675,976</b>

### Minor grants \$5000 or less

Payee	Description	\$
Funeral Grants	Funeral payment for Members and non-members	705,261
Discretionary (Councillors)	Various (152 grants)	92,036
Gadigal Information Service Aboriginal Corporation	Supporting the Yabun Festival 2020	5000
<b>Total minor grants</b>		<b>802,298</b>



### Grant summary 2019–2020

Category	Number of units paid	\$
Funeral grants	447	705,261
NSWALC Employment & Training Ltd	1	539,148
NSWALC Housing Ltd grant	1	505,597
NSWALC Community Fund Account	17	253,778
NSWALC Fishing Fund account	2	125,737
Discretionary grants	153	97,036
Statewide sponsorship grants	9	251,714
<b>Total all grants paid</b>	<b>630</b>	<b>2,478,274</b>

### Insurance

#### Summary of NSWALC's insurance and coverage

Company	Policy	Sum insured (\$)
Allianz	Industrial special risks	7500
Allianz	Motor vehicle	Market value
Allianz	Public/products liability	50,000
QBE	Umbrella liability	50,000
AIG & LAUW	Directors and officers	15,000
Accident and Health	Personal accident	1000
AFA	Journey accident	1000
Accident and Health	Corporate travel	2000
AFA	Voluntary workers	1000
Lloyds	Media liability	5000

### Contact us:

Level 5, 33 Argyle Street Parramatta NSW 2150

PO Box 1125 PARRAMATTA NSW 2124

T: 61 2 9689 4444

F: 61 2 9687 1234

E: [media@alc.org](mailto:media@alc.org)

W: [www.alc.org.au](http://www.alc.org.au)

### Visit us online:

For information on what we do, publications  
and events visit [www.alc.org.au](http://www.alc.org.au)

### Join us on social media:



[www.facebook.com/nswalc](http://www.facebook.com/nswalc)

[nswalc](https://www.linkedin.com/company/nswalc)

[@nswalc](https://twitter.com/nswalc)

### Zone Offices

#### **Eastern Zone**

Suite 23,  
207 Albany Street North  
GOSFORD NSW 2250

#### **Far Western Zone**

Level 3, NSW State Government Building  
32 Sulphide Street  
BROKEN HILL NSW

#### **Northern Zone**

Suite 5, Level 1  
66-90 City Square  
COFFS HARBOUR NSW 2451

#### **Southern Zone**

Unit 22,  
2 Yallourn Street  
FYSHWICK ACT 2609

#### **Western Zone**

2/36 Darling Street  
DUBBO NSW 2830

